

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel also observes that interest on the Series A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$9,410,000**ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS****Variable Rate Demand Revenue Bonds
(YMCA of San Francisco Refunding)****Taxable Series 2004 A****CUSIP No. 00037CGG9****\$11,590,000****ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS****Variable Rate Demand Revenue Bonds
(YMCA of San Francisco Project)****Tax-Exempt Series 2004 B****CUSIP No. 00037CGH7****Dated: Date of Delivery****Price: 100%****Due: October 1, 2029**

This cover page contains certain information for cursory reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Bonds are issuable as fully-registered bonds registered in the name of a nominee of The Depository Trust Company, which will act as securities depository for the Bonds. Purchases and tenders of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. Payments of the principal and Purchase Price of, premium, if any, and interest on the Bonds will be made to DTC by Wells Fargo Bank, National Association, as Trustee. Disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners is the responsibility of DTC Participants. See "APPENDIX A-BOOK-ENTRY SYSTEM."

The Bonds are being issued by the ABAG Finance Authority for Nonprofit Corporations (the "Authority"), which will loan the proceeds thereof to the

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SAN FRANCISCO

(the "Corporation") pursuant to the Loan Agreement described herein to (i) refund (with respect to the loan of the proceeds of the Series A Bonds) certain of the Corporation's outstanding indebtedness, (ii) finance (with respect to the loan of the proceeds of the Series B Bonds) the costs of acquisition, construction, improvement, furnishing and equipping certain facilities of the Corporation located in San Francisco, California, and (iii) pay costs of issuance of the Bonds, all as more fully described herein. The Authority is obligated to pay the principal, premium, if any, and interest on the Bonds solely from the Revenues, including amounts received from the Corporation under the Loan Agreement, and the other funds pledged therefor under the Indenture. The Corporation's payment obligations under the Loan Agreement are general, unsecured obligations of the Corporation.

The Bonds are being issued as variable rate bonds in two Series. The Bonds of each Series will initially bear interest at a Weekly Interest Rate. The Bonds of a Series will be available in denominations of \$100,000 or any multiple of \$5,000 in excess thereof during any Weekly Interest Rate Period or Term Interest Rate Period of less than one year, and in denominations of \$5,000 or any multiple thereof during any Term Interest Rate Period of one year or longer. The Bonds of a Series are subject to Conversion to a Term Interest Rate as more fully described herein and the Bonds of such Series are subject to mandatory tender for purchase upon any such Conversion. The specific interest rate for each Interest Rate Period applicable to the Bonds of a Series is to be determined by the Remarketing Agent, Banc of America Securities LLC. The Weekly Interest Rate will be computed on the basis of a 365/366-day year, as applicable, and actual days elapsed during each Weekly Interest Rate Period, payable on the first Business Day of each calendar month, commencing October 1, 2004.

Principal, interest and Purchase Price of the Bonds of each Series are initially secured by an irrevocable, direct pay letter of credit (the "Initial Credit Facility") issued by

WELLS FARGO BANK, NATIONAL ASSOCIATION

(the "Initial Credit Provider"), pursuant to the terms of a Reimbursement Agreement between the Corporation and the Initial Credit Provider. The Purchase Price of Bonds of a Series tendered or deemed tendered pursuant to the Indenture is payable solely from the proceeds of the remarketing of such Bonds and, in instances when such tendered or deemed tendered Bonds of a Series are not remarketed in an amount equal to the Purchase Price thereof, the proceeds of draws on the Credit Facility then in effect with respect to Bonds of such Series. The Initial Credit Facility will be in effect from the date of issuance of the Bonds through the occurrence of the earliest of the termination events described herein, including substitution of an Alternate Credit Facility meeting the requirements described herein.

THE BONDS OF EACH SERIES ARE SUBJECT TO OPTIONAL REDEMPTION AND OPTIONAL AND MANDATORY TENDER FOR PURCHASE AS DESCRIBED HEREIN.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, AND THE PRINCIPAL THEREOF, AND PREMIUM, IF ANY, AND INTEREST THEREON, ARE PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE REVENUES AND THE OTHER AMOUNTS PLEDGED THEREFOR THEREUNDER, AND THE PURCHASE PRICE THEREOF IS PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE PROCEEDS OF THE REMARKETING OF THE BONDS OF THE APPLICABLE SERIES AND AMOUNTS MADE AVAILABLE UNDER THE APPLICABLE CREDIT FACILITY FOR A SERIES OF BONDS. NEITHER THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG"), ANY OF THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER, AND NONE OF THE BONDS OR ANY OF THE AUTHORITY'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE AUTHORITY, ABAG, OR THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL, OR STATUTORY PROVISION WHATSOEVER. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

The Bonds are offered by the Underwriter, when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by Jones Hall, A Professional Law Corporation, San Francisco, California, for the Corporation by Nixon Peabody LLP, San Francisco, California, for the Initial Credit Provider by Chapman and Cutler LLP, San Francisco, California, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about September 2, 2004.

Banc of America Securities LLC

Dated: August 25, 2004

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the ABAG Finance Authority for Nonprofit Corporations (the “Authority”), the Young Men’s Christian Association of San Francisco (the “Corporation”), or Banc of America Securities LLC (the “Underwriter”) to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

The information set forth herein under the caption “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION–The Authority” has been obtained from the Authority. All other information set forth herein has been obtained from the Corporation, Wells Fargo Bank, National Association, The Depository Trust Company and other sources which are believed to be current and reliable, but the accuracy or completeness of such information is not guaranteed by the Authority or the Underwriter. The accuracy or completeness of any information other than that contained under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION–The Authority” is not guaranteed by, and is not to be construed as a representation by, the Authority.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Estimates and opinions included in this Official Statement should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Wells Fargo Bank, National Association or the Corporation since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CUSIP data herein is provided by Standard & Poor’s CUSIP service bureau, a division of The McGraw Hill Companies.

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OFFICIAL STATEMENT

\$9,410,000
ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS
Variable Rate Demand Revenue Bonds
(YMCA of San Francisco Refunding)
Taxable Series 2004 A

\$11,590,000
ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS
Variable Rate Demand Revenue Bonds
(YMCA of San Francisco Project)
Tax-Exempt Series 2004 B

INTRODUCTION

This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a full review should be made of the entire Official Statement, including the cover page and the Appendices in order to make an informed investment decision. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the laws of the State of California (the "State") or any documents referred to herein do not purport to be complete and such references are qualified in their entirety by the complete provisions thereof.

General

This Official Statement, including the cover page and Appendices hereto (this "Official Statement"), provides certain information in connection with the offering of \$9,410,000 aggregate principal amount of Variable Rate Demand Revenue Bonds (YMCA of San Francisco Refunding) Taxable Series 2004 A (the "Series A Bonds") of the ABAG Finance Authority for Nonprofit Corporations (the "Authority") and of \$11,590,000 aggregate principal amount of Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project) Tax-Exempt Series 2004 B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") of the Authority.

The Bonds will be issued pursuant to and secured by an Indenture of Trust, dated as of September 1, 2004 (the "Indenture"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Authority will lend the proceeds of the Bonds to the Young Men's Christian Association of San Francisco (the "Corporation") pursuant to a Loan Agreement, dated as of September 1, 2004 (the "Loan Agreement"), between the Authority and the Corporation.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS" for definitions of certain words and terms used but not otherwise defined herein.

The Bonds

The Bonds will be issued as variable rate bonds in two Series, each Series initially bearing interest at a Weekly Interest Rate. While the Bonds are in a Weekly Interest Rate Period, interest on the Bonds is payable on the first Business Day of each calendar month, commencing October 1, 2004. The Bonds will be dated their date of delivery (the "Issue Date") and will mature on October 1, 2029 (the "Maturity Date"). The Bonds will be issued in authorized denominations of \$100,000 and any multiple of \$5,000 in excess thereof. See "THE BONDS" herein.

Pursuant to the Indenture, the Bonds of a Series shall bear interest at either a Weekly Interest Rate or a Term Interest Rate as specified from time to time by the Corporation. The maximum rate of interest any of the Bonds (other than Credit Provider Bonds, which shall bear interest as provided in the applicable Credit Agreement) may bear is 12% per annum. See "THE BONDS—Determination of Interest Rates on the Bonds of a Series," "—Weekly Interest Rate Period for Bonds of a Series" and "—Term Interest Rate Period for Bonds of a Series" herein.

The Interest Rate Period for the Bonds of a Series may be converted from time to time as provided in the Indenture. See “THE BONDS—Conversion of Interest Rate Period” herein.

The Bonds of each Series are subject to redemption and optional and mandatory tender for purchase prior to the Maturity Date as described herein. See “REDEMPTION OF BONDS” and “TENDER OF BONDS FOR PURCHASE” herein.

Book-Entry System

When delivered, the Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. Purchases and tenders of the Bonds of a Series may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of certificated securities. Payments of the principal and Purchase Price of, premium, if any, and interest on the Bonds are payable by the Trustee to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Bonds. In addition, so long as Cede & Co. is the registered owner of the Bonds, the right of any Beneficial Owner to exercise its right to tender its interest in any Bond for purchase and receive payment therefor will be based only upon and subject to the procedures and limitations of the DTC book-entry system. See “APPENDIX A—BOOK-ENTRY SYSTEM.”

Purposes

The Authority will lend the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement to provide funds which the Corporation will use to (i) refund (with respect to the loan of the proceeds of the Series A Bonds) certain of the Corporation’s outstanding indebtedness, (ii) finance (with respect to the loan of the proceeds of the Series B Bonds) the costs of the acquisition, construction, improvement, furnishing and equipping certain facilities of the Corporation located in San Francisco, California, and (iii) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Security and Sources of Payment for the Bonds

Payment of the principal, Purchase Price of, and interest on the Bonds will be supported initially by an irrevocable, direct-pay letter of credit (the “Initial Credit Facility”) issued by Wells Fargo Bank, National Association (the “Initial Credit Provider”) pursuant to and subject to the terms of a Reimbursement Agreement, dated as of September 1, 2004 (the “Reimbursement Agreement”), by and between the Corporation and the Initial Credit Provider. The Reimbursement Agreement constitutes a Credit Agreement pursuant to the Indenture and the Initial Credit Facility constitutes a Credit Facility pursuant to the Indenture. See “APPENDIX D—FORM OF INITIAL CREDIT FACILITY.”

The Authority is obligated to pay Bonds solely from the Revenues which include amounts received from the Corporation under the Loan Agreement and amounts received under Credit Facilities for the Bonds, and the other funds available therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee for the benefit of the Bondholders all of the Revenues.

The Corporation’s payment obligations under the Loan Agreement are general, unsecured obligations of the Corporation. Under the Loan Agreement, the Corporation is unconditionally obligated to pay the Repayment Installments to be made thereunder, which are due in amounts and at the times necessary to pay the principal (whether at maturity or upon redemption or acceleration) of, premium, if any, and interest to the maturity date or redemption of the Bonds, when due, and to make Additional Payments.

The Corporation has no obligation under the Loan Agreement to make any payments with respect to the Purchase Price of Bonds tendered or deemed tendered for purchase. The Purchase Price of Bonds tendered or deemed tendered for purchase is payable only from the proceeds of the remarketing of such Bonds and from amounts made available under the Initial Credit Facility for the Bonds or any Alternate Credit Facility, as the case may be, for a Series of Bonds.

While the Bonds are in a Weekly Interest Rate Period, investors should make any decision with respect to the purchase, holding or tender of Bonds based solely upon the credit of the Initial Credit Provider or other Credit Providers (as the case may be), and not the Corporation. As a result, no financial or operating data with respect to the Corporation has been included in this Official Statement.

The Trustee and the Initial Credit Provider

The Trustee and the Initial Credit Provider are a single legal entity. The United States Comptroller of the Currency, which regulates national banks, by memorandum dated April 6, 1995, permits national banks to act as both trustee and credit provider if adequate internal controls to manage the potential for a conflict of interest are in place. The Trustee has advised the Authority that it has adopted and will adhere to procedures and policies which the Trustee believes comply with the requirements of the Comptroller of the Currency and are designed to manage such potential conflicts of interest. Specifically, upon the occurrence and continuance of an Event of Default under the Reimbursement Agreement, the Trustee shall resign and take immediate steps to cause the appointment of a successor trustee in accordance with the provisions of the Indenture.

Certain Information Related to this Official Statement

The descriptions herein of the Indenture, the Loan Agreement, the Initial Credit Facility, the Reimbursement Agreement and other agreements relating to the Bonds are qualified in their entirety by reference to the complete text of such documents, and the description herein of the Bonds is qualified in its entirety by the forms thereof and the provisions of the Indenture. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” for a brief summary of certain provisions of the Indenture and the Loan Agreement.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Corporation or the Initial Credit Provider.

ESTIMATED SOURCES AND USES OF FUNDS

The Corporation anticipates that the proceeds of the Bonds and other available moneys will be applied as follows:

Estimated Sources of Funds	Series A Bonds	Series B Bonds	Total
Par Amount of the Bonds	\$9,410,000	\$11,590,000	\$21,000,000
1999 A Reserve Fund	\$679,298	--	\$679,298
1999 B Reserve Fund	<u>\$250,128</u>	--	<u>\$250,128</u>
Total Sources	<u>\$10,339,426</u>	<u>\$11,590,000</u>	<u>\$21,929,426</u>

Estimated Use of Funds

Deposit to Construction Fund	--	\$11,182,077	\$11,182,077
Deposit to Costs of Issuance Fund ¹	\$536,024	\$407,923	\$943,947
Deposit to Bank Loan Fund	\$1,027,727	--	\$1,027,727
Deposit to Escrow Fund	<u>\$8,775,675</u>	--	<u>\$8,775,675</u>
Total Uses	<u>\$10,339,426</u>	<u>\$11,590,000</u>	<u>\$21,929,426</u>

¹ Includes Underwriter's discount, fees and expenses of the Authority, the Trustee, Bond Counsel, Authority counsel, Corporation counsel, Initial Credit Provider, Initial Credit Provider's counsel, Underwriter's counsel, the Remarketing Agent and the rating agency, printing costs, and other costs incurred in connection with the issuance of the Bonds.

The Project

The Series B Bond proceeds deposited in the Construction Fund will be applied to the acquisition, construction, improvement, furnishing and equipping (the “Project”) of community centers and related and appurtenant facilities of the Corporation located at 169 Steuart Street, San Francisco, California (commonly known as the Embarcadero YMCA), 855 Sacramento Street, San Francisco, California 94108 (commonly known as the Chinatown YMCA) and 1601 Lane Street, San Francisco, California 94124 (commonly known as the Bayview Hunter’s Point YMCA).

Refunding of 1999 Certificates

Concurrently with the delivery of the Series A Bonds, a portion of the proceeds of the Series A Bonds, together with certain amounts held in the funds and accounts established under the Trust Agreement relating to the 1999 Certificates (defined below), will be deposited into the Escrow Fund established pursuant to that certain Escrow Agreement, dated the date of delivery of the Series A Bonds, by and between the Corporation and U.S. Bank National Association, as trustee thereunder, and will be used to purchase certain federal government securities, which will mature at such times and in such amounts and will bear interest payable at such times and in such amounts, that, together with cash held uninvested in the Escrow Fund, will provide sufficient funds to pay, when due, all principal of and interest due with respect to the 1999 Certificates through October 1, 2008 (including mandatory sinking account payments) and to provide for the prepayment of all of the outstanding 1999 Certificates on October 1, 2008 at a prepayment price equal to 102% of the principal amount of the 1999 Certificates so prepaid, plus accrued interest thereon to the date fixed for prepayment. Pursuant to the verification report of Causey Demgen & Moore Inc., upon deposit of the foregoing referenced amounts and the purchase of specified federal government securities, adequate and complete provision will be made for the full and timely payment of the principal or prepayment price of and interest with respect to the 1999 Certificates and the 1999 Certificates will have been defeased pursuant to the terms of the Trust Agreement by which they were executed and delivered. The term “1999 Certificates” means, collectively, the Certificates of Participation (YMCA of San Francisco Refunding Project) 1999 Series A Tax-Exempt and the Certificates of Participation (YMCA of San Francisco Refunding Project) 1999 Series B Taxable, presently outstanding in the aggregate principal amount of \$7,865,000.

Bank Loan Payoff

Concurrently with the delivery of the Series A Bonds, an amount of approximately \$1,030,000 of the proceeds of the Series A Bonds will be deposited with Wells Fargo Bank, National Association to pay off certain outstanding indebtedness of the Corporation to Wells Fargo Bank, National Association from an outstanding commercial loan.

THE BONDS

General

The Bonds of each Series will be issued in the applicable aggregate principal amount set forth on the cover page of this Official Statement. The Bonds will be dated the Issue Date and will mature on the Maturity Date.

Pursuant to the Indenture, the Bonds of a Series shall bear interest at a Weekly Interest Rate or a Term Interest Rate, as such rates shall be determined by the Remarketing Agent for such Series of Bonds. All the Bonds will initially bear interest at the Weekly Interest Rate, determined as described herein. The Bonds will be issued in Authorized Denominations of \$100,000 or any multiple of \$5,000 in excess thereof.

Book-Entry System

The Bonds will be registered in the name of Cede & Co., the nominee of DTC, and held in DTC’s book-entry system. So long as the Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Indenture and the Bonds. So long as the Bonds are held in book-entry form through DTC, all payments with respect to principal, Purchase Price, premium, if any, and interest on each

Bond will be made pursuant to DTC's rules and procedures. See "APPENDIX A-BOOK-ENTRY SYSTEM" herein.

The Authority, the Corporation, the Trustee and the Remarketing Agent will have no responsibility or obligation to DTC, any DTC Participants, or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant, (b) the payment by DTC or by any DTC Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal, Purchase Price of, redemption or interest on any Bond, or (c) the delivery of any notice by DTC or any DTC Participant.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Indenture will apply: (a) principal of the Bonds will be payable upon surrender of the Bonds at the Principal Office of the Trustee, (b) Bonds of a Series may be transferred or exchanged for other Bonds of Authorized Denominations and of like Series at the Principal Office of the Trustee, without cost to the owner thereof except for any tax or other governmental charge, and (c) Bonds will be issued in denominations as described under the heading "THE BONDS-General" above.

Determination of Interest Rates on the Bonds of a Series

The interest rate on the Bonds of a Series shall be determined by the Remarketing Agent for a Series of Bonds in the manner specified in the Indenture. Banc of America Securities LLC has been appointed under the Indenture and pursuant to a Remarketing Agreement between Banc of America Securities LLC and the Corporation to serve as Remarketing Agent for both Series of Bonds. The Remarketing Agent may resign or be removed with respect to a Series of Bonds and a successor Remarketing Agent with respect to a Series of Bonds may be appointed, all in accordance with the terms of the Indenture and the Remarketing Agreement.

The Weekly Interest Rate and the Term Interest Rate with respect to a Series of Bonds shall be determined from time to time as provided in the Indenture; provided, that no Bond (other than a Credit Provider Bond which shall bear interest as provided in the applicable Credit Agreement) shall bear interest at a rate exceeding the Maximum Interest Rate. The Bonds of each Series shall bear interest from and including the Issue Date to but excluding the date of payment in full thereof (whether at maturity, upon redemption or acceleration or otherwise). Interest shall be computed upon the basis of a 365-day or 366-day year, as applicable, for the number of days actually elapsed for any Weekly Interest Rate Period or Term Interest Rate Period of less than one year. During any Term Interest Rate Period of one year or longer, interest on the Bonds of a Series shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The determination of the interest rate on the Bonds of a Series by the Remarketing Agent for the applicable Series of Bonds shall be conclusive and binding upon the Bondholders, the Authority, the Corporation, the Credit Provider and the Trustee.

Payment of the principal, Purchase Price of, and interest on the Bonds of each Series will initially be supported by the Initial Credit Facility. The Corporation may provide an Alternate Credit Facility for the Initial Credit Facility for the Bonds of a Series, and may eliminate the support of the Bonds of a Series by a Credit Facility, upon the terms and conditions provided in the Indenture and the Loan Agreement, which terms require the mandatory tender of Bonds of the applicable Series for purchase prior to such Credit Facility substitution or elimination. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Credit Facility" and "-Alternate Credit Facility."

Notwithstanding anything in the Indenture to the contrary, if an Event of Default shall have occurred and be continuing, the interest rate on each Series of Bonds shall be the rate on such Series of Bonds on the day prior to the occurrence of such Event of Default.

No Liability. In determining the interest rate that the Bonds of a Series shall bear, the Remarketing Agent for the Bonds of a Series shall not have any liability to the Authority, the Corporation, the Trustee or any Bondholder, except for its negligence or willful misconduct.

Weekly Interest Rate Period for Bonds of a Series

Upon initial issuance, the Bonds will be in a Weekly Interest Rate Period and will bear interest at a Weekly Interest Rate, with interest payable on each Interest Payment Date for the Bonds of each Series, commencing September 1, 2004. During each Weekly Interest Rate Period, the Remarketing Agent will set a Weekly Interest Rate for the Bonds of each Series by 5:00 p.m. (New York City time) on the Wednesday immediately preceding each Calendar Week (or by 12:00 noon (New York City time) on the next succeeding Business Day if such Wednesday is not a Business Day); provided that if the Bonds of a Series are to be Converted to a Weekly Interest Rate Period from a Term Interest Rate Period, the Weekly Interest Rate for the initial Calendar Week of such Weekly Interest Rate Period applicable to the Bonds of such Series shall be determined by the Remarketing Agent for the Bonds of the applicable Series by the Business Day next preceding the effective date of such Weekly Interest Rate Period. Each Weekly Interest Rate for the Bonds of a Series shall be the rate determined by the Remarketing Agent for the applicable Series of Bonds (on the basis of examination of obligations comparable to the Bonds of such Series known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds of such Series, would enable the Remarketing Agent to sell such Bonds on such day at a price equal to the principal amount thereof plus accrued interest.

If for any reason the Weekly Interest Rate applicable to Bonds of a Series for a Calendar Week is not so determined, the Weekly Interest Rate for such Calendar Week applicable to the Bonds of the relevant Series shall remain at the then-existing rate (or if the Bonds of such Series are being Converted to a Weekly Interest Rate Period from a Term Interest Rate Period, the Weekly Interest Rate for such Calendar Week applicable to the Bonds of such Series shall be a percent per annum equal to the Variable Index), and the Weekly Interest Rate for each succeeding Calendar Week for which the Weekly Interest Rate is not so determined by the Remarketing Agent for the Bonds of such Series shall be a percent per annum equal to the Variable Index.

The interest on each Bond bearing interest at the Weekly Interest Rate will be payable on the first Business Day of each calendar month, to the registered Bondholder whose name appears on the registration books maintained by the Trustee as of the close of business on the applicable Record Date, which shall be the Business Day immediately preceding the Interest Payment Date during any Weekly Interest Rate Period; except that if there is a default in any payment of interest and sufficient funds thereafter become available to pay such interest, such payment shall be made to the registered Bondholder whose name appears on the registration books as of a special record date to be established by the Trustee.

Term Interest Rate Period for Bonds of a Series

The duration of each Term Interest Rate Period for Bonds of a Series will be determined by the Corporation and will be a period of approximately one month, approximately three months, approximately six months, approximately nine months, approximately one year or any multiple of approximately six months above one year in each case ending on a day preceding a Business Day; provided, however, that notwithstanding the foregoing any Term Interest Rate Period which ends on the day immediately preceding the Maturity Date of the Bonds may include a period of time from the Interest Payment Date immediately preceding the Maturity Date of the Bonds to the day immediately preceding such maturity date even if the time remaining to such day is not one of the periods specified above; and provided further that notwithstanding the foregoing any Term Interest Rate Period for Bonds of a Series may end on the day immediately preceding the Maturity Date of the Bonds whether or not such Maturity Date is a Business Day.

During each Term Interest Rate Period for Bonds of a Series, the Bonds of a Series will bear interest at the applicable Term Interest Rate, which will be determined by the Remarketing Agent for such Series not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period. The Term Interest Rate shall be the rate determined by the Remarketing Agent for the Bonds of a Series (in part, on the basis of examination of obligations comparable to the Bonds of such Series known to such Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds of such Series, would enable said Remarketing Agent to sell the Bonds of such Series on such Business Day at a price equal to the principal amount thereof; provided, however, that if for any reason the Term

Interest Rate is not so determined for any Term Interest Rate Period for a Series of Bonds, the Interest Rate Period on such Series Bonds shall automatically Convert to a Weekly Interest Rate Period.

The interest on each Bond bearing interest at a Term Interest Rate for a Term Interest Rate Period of less than one year will be payable the day immediately succeeding the last day of such Term Interest Rate Period. The interest on each Bond bearing interest at a Term Interest Rate for a Term Interest Rate Period of one year or longer will be payable on each Semi-Annual Interest Payment Date during such Term Interest Rate Period and the day immediately succeeding the last day of such Term Interest Rate Period. Payment of such interest will be to the registered Bondholder whose name appears on the registration books maintained by the Trustee as of the close of business on the Record Date, which shall be the Business Day immediately preceding the Interest Payment Date during any Term Interest Rate Period of less than one year or the fifteenth day of the month (whether or not a Business Day) prior to an Interest Payment Date with respect to any Term Interest Rate Period of one year or longer.

Conversion of Interest Rate Period

Conversion to Weekly Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, and with the written consent of the applicable Credit Provider and accompanied by an Approving Opinion, may elect to Convert the Interest Rate Period for the Bonds of a Series from a Term Interest Rate Period to a Weekly Interest Rate Period. The Corporation's written direction to Convert the Bonds of a Series to a Weekly Interest Rate Period shall specify the effective date of such Conversion to a Weekly Interest Rate Period, which shall be (a) the Interest Payment Date next succeeding the last day of the then current Term Interest Rate Period for the Bonds of such Series not less than 30 days following the date of receipt by the Trustee of such direction, or (b) any date on which the Bonds of a Series may be optionally redeemed pursuant to the Indenture not less than 30 days following the date of receipt by the Trustee of such direction. See "REDEMPTION OF BONDS—Optional Redemption" herein.

The Bonds of a Series are subject to automatic Conversion to a Weekly Interest Rate Period upon the failure of the Remarketing Agent for the Bonds of such Series to establish a Term Interest Rate for a Term Interest Rate Period not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period and such Remarketing Agent shall determine the Weekly Interest Rate for such Weekly Interest Rate Period for the initial Calendar Week on such date. Except for automatic Conversions pursuant to the Indenture, the Trustee shall give notice by first class mail of a Conversion of the Bonds of a Series to a Weekly Interest Rate Period to the Bondholders of the Series being Converted not less than 30 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the Interest Rate Period on the Bonds of such Series will be Converted to a Weekly Interest Rate Period, (2) the effective date of such Weekly Interest Rate Period, (3) the day by which the Weekly Interest Rate shall be determined and the manner by which such Weekly Interest Rate may be obtained, (4) the Interest Payment Dates applicable to such Series of Bonds after such effective date, (5) that the Bonds of the Series being Converted will be purchased on such effective date pursuant to the mandatory tender for purchase provisions of the Indenture, (6) the procedures for such purchase referred to in clause (5), (7) that, subsequent to such effective date, the Bondholders of the Series being Converted will have the right to demand purchase of the Bonds of such Series upon not less than seven days' notice, (8) the procedures for a demand for such purchase, (9) the redemption provisions that will pertain to the Bonds of such Series during such Weekly Interest Rate Period, and (10) the ratings which are expected to be assigned to the Bonds of such Series upon such Conversion to a Weekly Interest Rate Period.

Conversion to Term Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent for the applicable Series of Bonds, and with the written consent of the Authority and the applicable Credit Provider and accompanied by an Approving Opinion, may elect to Convert the Interest Rate Period for the Bonds of a Series from a Weekly Interest Rate Period to a Term Interest Rate Period or from one Term Interest Rate Period to another Term Interest Rate Period. The Corporation's written direction to Convert the Bonds of a Series to a Term Interest Rate Period shall specify (a) the effective date of such Term Interest Rate Period which shall be (1) the Interest Payment Date which is not less than 30 days following the receipt by the Trustee of such direction if the Bonds of a Series are to be Converted from a Weekly Interest Rate Period to a Term Interest Rate Period; or (2) the Interest Payment Date next succeeding the last day of the then-current Term Interest

Rate Period which is not less than 30 days following the date of receipt by the Trustee of such direction if the Bonds of a Series are to be Converted from one Term Interest Rate Period to another; or (3) any date on which the Bonds of a Series may be optionally redeemed pursuant to the Indenture not less than 30 days following the date of receipt by the Trustee of such direction; and (b) the last day thereof. The Corporation shall not Convert the Interest Rate Period on the Bonds of a Series to a Term Interest Rate Period unless (a) the Credit Facility then in effect with respect to the Bonds of such Series has been modified, if necessary, to provide interest coverage sufficient to provide for all interest to accrue on the Bonds of such Series as of each Interest Payment Date during and immediately succeeding such Term Interest Rate Period plus ten (10) additional days at the Term Interest Rate for such Term Interest Rate Period; provided, however, that no Credit Facility shall be required in connection with the Conversion of the Bonds of a Series to a Term Interest Rate Period which ends on the day immediately preceding the Maturity Date of the Bonds if the conditions to the termination of the Corporation's obligation to maintain a Credit Facility with respect to the Bonds of such Series set forth in the Loan Agreement have been satisfied; and (b) with respect to a Term Interest Rate Period of longer than nine months, the Trustee and the Authority have received prior to the effective date of such Term Interest Rate Period a continuing disclosure agreement imposing obligations upon the Corporation or any other responsible party to comply with the requirements of S.E.C. Rule 15c2-12, as it may from time to time be amended or supplemented, with respect to the Bonds of the applicable Series as provided in the Loan Agreement. See "REDEMPTION OF BONDS—Optional Redemption" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Alternate Credit Facility" herein.

Except for automatic Conversions pursuant to the Indenture, the Trustee shall give notice by first class mail of each Term Interest Rate Period to the Bondholders of the Series being Converted not less than 30 days prior to the effective date of such Term Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds of such Series will be Converted to or continue to be a Term Interest Rate Period, (2) the effective date and final date of such Term Interest Rate Period, (3) the day by which the Term Interest Rate for such Term Interest Rate Period shall be determined, (4) the manner by which such Term Interest Rate may be obtained, (5) the Interest Payment Dates during such Term Interest Rate Period, (6) that the Bonds of such Series shall be purchased on such effective date pursuant to the mandatory tender for purchase provisions of the Indenture, (7) the procedures of such purchase referred to in clause (6), (8) the redemption provisions that will pertain to the Bonds of such Series during such Term Interest Rate Period, (9) the ratings which are expected to be assigned to the Bonds of such Series upon such Conversion to a Term Interest Rate Period, and (10) whether a Credit Facility will be in effect with respect to the Bonds of such Series upon such Conversion to a Term Interest Rate Period and, if so, identifying such Credit Facility.

Failure of Conditions of Conversion. If the conditions contained in the Indenture to Convert Bonds of a Series to a Weekly Interest Rate Period or to Convert Bonds of a Series from one Term Interest Rate Period to another Term Interest Rate Period are not satisfied after notice of such Conversion has been given to the Bondholders of the applicable Series, then the Interest Rate Period that shall commence on the date of the mandatory purchase of the Bonds of such Series on the Conversion Date specified in such notice shall automatically be an Interest Rate Period of the same duration as the immediately preceding Interest Rate Period and the Remarketing Agent for said Series shall determine the interest rate to apply to the Bonds of such Series during such Interest Rate Period on such Conversion Date.

The Trustee is not required to give notice for an automatic Conversion (1) to a Weekly Interest Rate Period in the event that a Term Interest Rate is not determined by the Remarketing Agent for the applicable Series of Bonds for any Term Interest Rate Period, or (2) to an Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period in the event that the conditions of the Indenture to the Conversion of the Bonds of a Series to another Interest Rate Period are not satisfied.

TENDER OF BONDS FOR PURCHASE

Optional Tender

During any Weekly Interest Rate Period for the Bonds of a Series, any Bonds of such Series (or portions thereof in amounts such that the amount purchased and the amount not purchased are in Authorized Denominations) shall be subject to purchase on any Business Day from the sources specified in the Indenture upon delivery by the

Holder of such Bond to the Trustee at its Principal Office of an irrevocable notice by telephone (promptly confirmed in writing) or Electronic Notice by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, at a Purchase Price equal to 100% of the principal amount of such Bonds (or the portions thereof) tendered for purchase, plus accrued and unpaid interest thereon to but not including the Purchase Date; provided, however, if the Purchase Date occurs after the Record Date applicable to the payment of such accrued interest, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date. The Purchase Price will be payable in immediately available funds.

Effect of Tender. Any notice delivered to the Trustee in accordance with the above paragraph shall be irrevocable with respect to the purchase of such Bond (or portion thereof) for which such notice was delivered and shall be binding upon any subsequent Bondholder or Beneficial Owner of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such notice, the Holder or Beneficial Owner of the Bonds specified therein shall not have any right to optionally tender for purchase such Bond (or portion thereof) prior to the date of purchase specified in such notice. The Trustee may conclusively assume that any person (other than a Holder) providing notice of optional tender pursuant to the provisions of the Indenture described in the foregoing sentence is the Beneficial Owner of the Bond to which such notice relates, and the Trustee shall not assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Bonds.

IF A BONDHOLDER FAILS TO DELIVER ANY BOND TO THE TRUSTEE ON OR BEFORE THE PURCHASE DATE, SUCH BOND SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED TO THE TRUSTEE AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TRUSTEE ON SUCH PURCHASE DATE AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH BOND SHALL CEASE TO CONSTITUTE OR REPRESENT A RIGHT TO PAYMENT OF PRINCIPAL THEREOF OR INTEREST THEREON OF THE FORMER HOLDER AND SHALL CONSTITUTE AND REPRESENT ONLY THE FORMER HOLDER'S RIGHT TO PAYMENT OF THE PURCHASE PRICE PAYABLE ON SUCH DATE. THE FOREGOING SHALL NOT LIMIT THE ENTITLEMENT OF ANY BONDHOLDER ON ANY RECORD DATE TO RECEIPT OF INTEREST, IF ANY, DUE ON ANY SUCH PURCHASE DATE.

SEE "APPENDIX A-BOOK-ENTRY SYSTEM" FOR THE TENDER PROVISIONS APPLICABLE WHILE THE BONDS ARE IN THE BOOK-ENTRY-ONLY SYSTEM. THE AUTHORITY, THE CORPORATION AND THE TRUSTEE SHALL NOT BE RESPONSIBLE IN THE EVENT DTC DOES NOT TENDER OR DELIVER BONDS FOR TENDER IN ACCORDANCE WITH DIRECTIONS DTC RECEIVES FROM A DTC PARTICIPANT.

Mandatory Tender

The Bonds of a Series shall be subject to mandatory tender for purchase upon the occurrence of any of the events listed below at a Purchase Price equal to 100% of the principal amount of any Bond tendered or deemed tendered to the Trustee for purchase, plus accrued and unpaid interest thereon to but not including the date of purchase; provided, however, if the date of such purchase occurs after the Record Date applicable to the payment of such accrued interest, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date:

- (i) on the effective date of any new Interest Rate Period for such Series of Bonds;
- (ii) on the effective date of an Alternate Credit Facility with respect to such Series of Bonds;
- (iii) in the event that the Credit Facility then in effect with respect to such Series of Bonds is not renewed, or an Alternate Credit Facility with respect to such Series of Bonds is not delivered to the Trustee, on the first Business Day which is at least five (5) calendar days preceding the expiration date of the Credit Facility then in effect with respect to such Series of Bonds; or

(iv) on a Business Day which is no later than five (5) calendar days following receipt by the Trustee of a written notice from the Credit Provider providing the Credit Facility then in effect with respect to such Series of Bonds that an event of default has occurred and is continuing under the Credit Agreement relating to such Credit Facility and directing the Trustee to cause the mandatory tender of the Bonds for purchase.

With respect to Bonds of a Series subject to mandatory tender for purchase pursuant to the provisions of the Indenture summarized in clause (i) above, the Trustee shall give Notice by Mail to the Holders of the Bonds of such Series, not later than the thirtieth (30th) day prior to the date on which the Bonds of such Series are subject to mandatory tender pursuant to clause (i) above in the form of notice described under the caption "Conversion of Interest Rate Period" with respect to either a Weekly Interest Rate or Term Interest Rate, as applicable. With respect to Bonds of a Series subject to mandatory tender for purchase pursuant to the provisions of the Indenture described in clause (ii) above, the Trustee shall give Notice by Mail of the provisions of any commitment to issue an Alternate Credit Facility with respect to the Bonds of such Series to the Holders of the Bonds of such Series, not later than the fifteenth (15th) day prior to the date on which the Bonds of such Series are subject to mandatory tender pursuant to the provisions of the Indenture described in clause (ii) above, which notice shall (a) state the expected effective date of such Alternate Credit Facility and (b) state that the Bonds of such Series shall be subject to mandatory tender for purchase on the date specified in such notice. With respect to Bonds of a Series subject to mandatory tender for purchase pursuant to the provision of the Indenture described in clause (iii) above, the Trustee shall give Notice by Mail to the Holders of the Bonds of such Series, not later than the fifteenth (15th) day prior to the date on which the Bonds of such Series are subject to mandatory tender pursuant to clause (iii) above, which notice shall state that the Credit Facility then in effect with respect to the Bonds of such Series has not been renewed and an Alternate Credit Facility for the Bonds of such Series has not been delivered to the Trustee and that the Bonds of such Series are subject to mandatory tender for purchase, on the date determined in accordance with the provisions of the Indenture described in clause (iii) above, which date shall be specified in such notice. With respect to Bonds of a Series subject to mandatory tender for purchase pursuant to the provisions of the Indenture described in clause (iv) above, the Trustee shall give Notice by Mail to the Holders of the Bonds of such Series, not later than two (2) Business Days following receipt of the notice from a Credit Provider described in clause (iv) above, which notice shall state (i) that the Trustee has received a notice from the applicable Credit Provider that an event of default or termination has occurred and is continuing under the applicable Credit Agreement and requesting the Trustee to cause the mandatory tender of the Bonds of such Series, and (ii) that the Bonds of such Series are subject to mandatory tender for purchase, on the date determined in accordance with the provisions of the Indenture summarized in clause (iv) above, which date shall be specified in such notice.

Upon the giving of notice to Bondholders of a Series of the mandatory tender of the Bonds of such Series for purchase pursuant to the Indenture, the Bonds of such Series will be subject to mandatory tender for purchase notwithstanding that the events described in such notice have not occurred on the Purchase Date specified in such notice, including the failure to change the Interest Rate Period on the Bonds of such Series to the Interest Rate Period specified in such notice, the failure of an Alternate Credit Facility with respect to the Bonds of such Series to go into effect, the renewal of the existing Credit Facility then in effect for the Bonds of such Series, or the curing of any event of default or termination under the applicable Credit Agreement.

IF A BONDHOLDER FAILS TO DELIVER ANY BOND TO THE TRUSTEE ON OR BEFORE ANY PURCHASE DATE SPECIFIED ABOVE, SUCH BOND SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED TO THE TRUSTEE AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TRUSTEE ON SUCH PURCHASE DATE MONEYS AVAILABLE AND SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH BOND SHALL CEASE TO CONSTITUTE OR REPRESENT A RIGHT TO PAYMENT OF PRINCIPAL THEREOF OR INTEREST THEREON OF THE FORMER HOLDER AND SHALL CONSTITUTE AND REPRESENT ONLY THE FORMER HOLDER'S RIGHT TO PAYMENT OF THE PURCHASE PRICE PAYABLE ON SUCH DATE. THE FOREGOING SHALL NOT LIMIT THE ENTITLEMENT OF ANY BONDHOLDER ON ANY RECORD DATE TO RECEIPT OF INTEREST, IF ANY, DUE ON ANY SUCH PURCHASE DATE.

Purchase of Tendered Bonds

On each Purchase Date that any Bonds of a Series are tendered for purchase (or deemed tendered for purchase) in accordance with the Indenture, the Trustee will purchase (but solely from funds received by the Trustee in accordance with the terms of the Indenture) such Bonds (or portions thereof in Authorized Denominations) at the applicable Purchase Price. Funds for the payment of the Purchase Price of such Bonds (or portions thereof in Authorized Denominations) shall be paid by the Trustee solely from the following sources and in the following order of priority:

- (i) Proceeds of the remarketing of such Bonds (or portions thereof in Authorized Denominations);
- and
- (ii) Money drawn or received under the Credit Facility for such Bonds.

So long as the Bonds are held in the DTC book-entry system, payment of the Purchase Price of any Bond purchased (or deemed purchased) pursuant to the Indenture shall be made to DTC or its nominee. See “APPENDIX A—BOOK-ENTRY SYSTEM.”

THE CORPORATION HAS NO OBLIGATION UNDER THE LOAN AGREEMENT TO MAKE ANY PAYMENTS WITH RESPECT TO THE PURCHASE PRICE OF THE BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE.

Remarketing

Banc of America Securities LLC will serve as Remarketing Agent for the Bonds of each Series pursuant to the terms of the Indenture and a Remarketing Agreement with the Corporation. The Remarketing Agent may resign, or the Corporation or the Authority may remove the Remarketing Agent, with respect to the Bonds of a Series in accordance with the terms of the Indenture and the Remarketing Agreement.

Upon receipt of notice that any Bonds of a Series will be or are required to be tendered for purchase in accordance with the Indenture, the Remarketing Agent with respect to the Bonds of a Series is required under the Indenture to use its best efforts to remarket such Bonds at a price equal to the Purchase Price on the applicable Purchase Date in accordance with the applicable optional or mandatory tender provisions of the Indenture. The Remarketing Agent with respect to the Bonds of a Series will transfer to the Trustee the proceeds of the remarketing of the Bonds of such Series.

REDEMPTION OF BONDS

Optional Redemption

The Bonds of a Series shall be subject to redemption prior to the Maturity Date, in whole, or in part by lot, in Authorized Denominations, if and to the extent the Corporation makes a prepayment of Repayment Installments pursuant to the Loan Agreement or moneys are available for such purpose pursuant to the Indenture, but only from Available Amounts, as follows:

(A) During any Weekly Interest Rate Period, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium.

(B) During any Term Interest Rate Period, on any Business Day during the periods specified below, at the redemption prices (expressed as percentages of principal amount of the Bonds (or portions thereof) to be redeemed) hereinafter indicated plus accrued interest to the redemption date:

Lesser of Length of Term
Interest Rate Period or
Length of Time to Maturity

Redemption Dates and Prices

Greater than 10 years

At any time on or after the 5th anniversary of the effective date commencing such Term Interest Rate Period at 102% declining ½% annually to 100%

Greater than 6 and
less than or equal
to 10 years

At any time on or after the 3rd anniversary of the effective date commencing such Term Interest Rate Period at 101 ½% declining ½% annually to 100%

Greater than 4 and
less than or equal
to 6 years

At any time on or after the 2nd anniversary of the effective date commencing such Term Interest Rate Period at 101% declining ½% annually to 100%

Greater than 3 and
less than or equal
to 4 years

At any time on or after the 2nd anniversary of the effective date commencing such Term Interest Rate Period at 100 ½% declining ½% annually to 100%

Greater than 2 and
less than or equal
to 3 years

At any time on or after the 1st anniversary of the effective date commencing such Term Interest Rate Period at 100 ½% declining ½% annually to 100%

Greater than 1 and
less than or equal
to 2 years

At any time on or after the 1st anniversary of the effective date commencing such Term Interest Rate Period at 100%

Less than or equal
to 1 year

On the Interest Payment Date which is six months after the effective date of such Term Interest Rate Period at 100%.

Notwithstanding the optional redemption schedule set forth above, on or prior to the effective date of a Term Interest Rate Period ending on the day immediately preceding the maturity date of a Series of Bonds, the Remarketing Agent for the applicable Series of Bonds can provide an alternate optional redemption schedule for said Series of Bonds if it obtains an Approving Opinion. Notwithstanding anything in the Indenture or the Bonds to the contrary, Credit Provider Bonds shall be subject to redemption as provided in the applicable Credit Agreement.

The Corporation has covenanted in the Reimbursement Agreement to cause the optional redemption of a portion of the Bonds on or prior to the dates and in the amounts reflected in the Reimbursement Agreement, as such agreement may be amended or replaced from time to time. The Trustee shall send notice of any such optional redemption as provided in the Indenture.

Notice of Redemption

The Trustee will give notice of any redemption of Bonds of a Series, by first-class mail, postage prepaid, to the Holders of all Bonds to be redeemed, at the addresses appearing on the Bond Register, and other entities specified in the Indenture, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Each notice of redemption of Bonds will identify the Bonds of a Series to be redeemed and will state the date of such notice, the Issue Date, the redemption date, the redemption price, the place of redemption, the principal amount, and, if less than all of the Bonds of a Series are to be redeemed, the distinctive certificate numbers of the Bonds of such Series to be redeemed and, in the case of Bonds of such Series to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. So long as DTC or its nominee is the sole registered owner of the Bonds under the book-entry system, redemption notices are to be sent to Cede & Co. Notices of redemption are also to be sent to certain information services that disseminate redemption notices and to certain nationally recognized municipal securities information repositories.

With respect to any notice of redemption of Bonds of a Series as described above, unless upon the giving of such notice the Bonds of a Series to be redeemed are deemed to have been paid in accordance with the defeasance provisions of the Indenture, such notice must state that such redemption is conditional upon the receipt

by the Trustee on or prior to the date fixed for such redemption of Available Amounts sufficient to pay the principal of, and premium, if any, and interest on, the Bonds of a Series to be redeemed, and that if such Available Amounts are not received, such notice will be of no force and effect, such Bonds shall not be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. If such redemption is not effectuated, the Trustee will, within a reasonable time thereafter, give notice that such Available Amounts were not so received.

Effect of Redemption

Notice of redemption having been duly given and Available Amounts for payment of the redemption price being held by the Trustee, the Bonds so called for redemption will, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds to be redeemed will cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and the Holders thereof will have no rights except to receive payment, but only from the funds provided in connection with such redemption, of the redemption price of and interest, if any, accrued on such Bonds to the redemption date.

Upon surrender of any Bond redeemed in part only, the Trustee shall exchange the Bond redeemed for a new Bond of like tenor and Series and in an Authorized Denomination without charge to the Holder in the principal amount of the portion of the Bond not redeemed. In the event of any partial redemption of a Bond which is registered in the name of the Nominee, DTC may elect to make a notation on the Bond certificate which reflects the date and amount of the reduction in principal amount of said Bond in lieu of surrendering the Bond certificate to the Trustee for exchange. The Authority and the Trustee shall be fully released and discharged from all liability upon, and to the extent of, payment of the redemption price for any partial redemption and upon the taking of all other actions required under the Indenture in connection with such redemption.

Selection of Bonds to be Redeemed

If less than all the Bonds of a Series are called for redemption, the Trustee will select the Bonds of such Series or any portion thereof to be redeemed first from outstanding Credit Provider Bonds, if any, of such Series or such portion thereof not previously called for redemption, by lot in such manner as it may determine, until all Credit Provider Bonds, if any, of such Series shall have been redeemed, and then from the other Outstanding Bonds of such Series or such given portion thereof not previously called for redemption, by lot. For the purpose of any such selection the Trustee shall assign a separate number for each minimum Authorized Denomination of each Bond of a Series of a denomination of more than such minimum; provided that following any such selection, the portion of such Bond to remain Outstanding shall be in an Authorized Denomination. Notwithstanding the foregoing, if less than all of the Bonds of a Series are to be redeemed at any time while the Bonds of such Series are Book-Entry Bonds, selection of the Bonds of such Series to be redeemed after Credit Provider Bonds of such Series have been redeemed shall be made in accordance with customary practices of DTC or the applicable successor depository, as the case may be.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The principal, premium, if any, and interest on the Bonds are payable solely from the Revenues received from the Corporation pursuant to the Loan Agreement and the other amounts pledged therefor under the Indenture. The Purchase Price of the Bonds of a Series tendered or deemed tendered for purchase pursuant to the Indenture is payable solely from the proceeds of the remarketing of such Bonds and draws on the Credit Facility for such Bonds. The Initial Credit Facility for the Bonds is an irrevocable, direct pay letter of credit issued by the Initial Credit Provider and supports the payment of principal and Purchase Price of, and interest on the Bonds, but not any premium on the Bonds. See “THE INITIAL CREDIT PROVIDER”, “APPENDIX D–FORM OF INITIAL CREDIT FACILITY” and “THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT” herein.

The Corporation has no obligation under the Loan Agreement to make any payments with respect to the Purchase Price of Bonds tendered or deemed tendered for purchase under the Indenture. Such Purchase Price is payable only from the proceeds of the remarketing of such Bonds and amounts made available under the Credit Facility. While the Bonds of a Series are in a Weekly Interest Rate Period, investors should make any decision with respect to the purchase, holding or tender of Bonds of such Series based on the credit of the Initial Credit Provider or, if applicable, Alternate Credit Provider and not the Corporation. As a result, no financial or operating data with respect to the Corporation has been included in this Official Statement.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND THE PRINCIPAL THEREOF, AND PREMIUM, IF ANY, AND INTEREST THEREON, ARE PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE REVENUES AND THE OTHER AMOUNTS PLEDGED THEREFOR THEREUNDER, AND THE PURCHASE PRICE THEREOF IS PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE PROCEEDS OF THE REMARKETING OF THE BONDS OF APPLICABLE SERIES AND AMOUNTS MADE AVAILABLE UNDER THE APPLICABLE CREDIT FACILITY FOR A SERIES OF BONDS. NEITHER THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS (“ABAG”), ANY OF THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER, AND NONE OF THE BONDS OR ANY OF THE AUTHORITY’S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE AUTHORITY, ABAG, OR THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL, OR STATUTORY PROVISION WHATSOEVER. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

Credit Facility

Pursuant to the Loan Agreement, except as described in the next paragraph, the Corporation has agreed to maintain one or more Credit Facilities, either by maintaining the Initial Credit Facility or providing one or more Alternate Credit Facilities to provide a source of payment for the principal, Purchase Price of, and interest on, the Bonds of each Series. See “THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT—The Initial Credit Facility” herein.

The Corporation’s obligations to maintain a Credit Facility for the Bonds of a Series will terminate with respect to a Series in the event that: (i) a Term Interest Rate Period ending on the day immediately preceding the Maturity Date of the Bonds of the applicable Series is established pursuant to the Indenture; and (ii) the Corporation provides the Trustee with the written consent of the Authority.

Alternate Credit Facility

The Corporation may at any time provide an Alternate Credit Facility with respect to the Bonds of a Series provided that each such Alternate Credit Facility meets the following conditions:

- (i) the Alternate Credit Facility must be a Credit Facility entered into by, or issued by, a commercial bank or other financial institution;
- (ii) the Alternate Credit Facility must be in an amount sufficient to pay the greater of (i) the principal and the maximum amount of interest payable on the Outstanding Bonds of such Series on any Interest Payment date during the then current Interest Rate Period and (ii) the maximum Purchase Price of the Bonds of such Series which will be applicable during the then current Interest Rate Period;

(iii) the Alternate Credit Facility must take effect on or before the date which is the first Business Day which is not less than five (5) calendar days before the date of termination of the Credit Facility then securing the Bonds of such Series and the term of the Alternate Credit Facility must be at least 364 days (or, if shorter, the period to the maturity date of the Bonds of such Series); and

(iv) if the Alternate Credit Facility is not an irrevocable, direct pay letter of credit upon the issuance of which the Bonds of such Series will be rated “A” or better (without respect to modifier) by a Rating Agency, then the Alternate Credit Facility must be approved by the Authority.

Notwithstanding the above, the Corporation will not provide any Alternate Credit Facility for the Credit Facility then securing the Bonds of a Series unless the Bonds of such Series are then required to be tendered for purchase pursuant to the Indenture as a result of the provision of such Alternate Credit Facility for the then-current Credit Facility.

On or prior to the date of delivery to the Trustee of an Alternate Credit Facility meeting the above requirements, the Corporation must furnish to the Trustee (i) an opinion of Bond Counsel with respect to the delivery of such Alternate Credit Facility, and (ii) an opinion or opinions of counsel to the Credit Provider of such Alternate Credit Facility, to the effect that such Alternate Credit Facility has been duly authorized, executed and delivered by such Credit Provider and, subject to standard exceptions and qualifications, constitutes the valid, legal and binding obligation of such Credit Provider enforceable against such Credit Provider in accordance with its terms.

Pursuant to the Indenture, if there shall have been delivered to the Authority and the Trustee (i) an Alternate Credit Facility meeting the requirements of the Loan Agreement and (ii) the opinions and documents required by the Loan Agreement, then the Trustee shall accept such Alternate Credit Facility and, if so directed by the Corporation, upon the effectiveness of such Alternate Credit Facility and the payment of the Purchase Price of all Bonds of the applicable Series tendered for purchase pursuant to the Indenture in connection with such Alternate Credit Facility promptly surrender the Credit Facility theretofore in effect with respect to the Bonds of the applicable Series for cancellation. In the event that the Corporation elects to provide an Alternate Credit Facility, the Bonds of the Series subject to such Alternate Credit Facility shall be subject to mandatory tender as provided in the Indenture. See “TENDER OF BONDS FOR PURCHASE–Mandatory Tender” herein.

Revenues and Repayment Installments

The Authority is obligated to pay the principal of, premium, if any and interest on the Bonds solely from the Revenues received from the Corporation under the Loan Agreement and the other amounts pledged therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee for the benefit of the Bondholders all of the Revenues. “Revenues” mean all payments received by the Authority or the Trustee pursuant or with respect to the Loan Agreement (except any such payments made or with respect to certain provisions of the Loan Agreement) or a Credit Facility, including, without limiting the generality of the foregoing, Repayment Installments (including both timely and delinquent payments), prepayments and all income derived from the investment of any moneys in any fund or account established pursuant to the Indenture, but not including amounts (including investment income), received for or on deposit in the Rebate Fund or the Bond Purchase Fund.

SEE “APPENDIX B–SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” for a summary of certain provisions of the Indenture and the Loan Agreement.

THE INITIAL CREDIT PROVIDER

The information under this heading has been provided solely by the Initial Credit Provider and is believed to be reliable, but has not been verified independently by the Authority, the Corporation, the Underwriter or the Trustee. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Authority, the Corporation, the Underwriter or the Trustee. No representation is made herein as to the accuracy of such information or as to the absence of materially adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time.

The Initial Credit Provider is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Initial Credit Provider is an indirect, wholly owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California ("Wells Fargo").

As of December 31, 2003, the Initial Credit Provider had total consolidated assets of approximately \$250.5 billion, total domestic and foreign deposits of approximately \$173.9 billion and total equity capital of approximately \$23.5 billion. In February 2004, Wells Fargo completed a consolidation of the Initial Credit Provider and Wells Fargo's 18 other nationally chartered banks into a single, national community bank charter and under the name "Wells Fargo Bank, National Association." The consolidation also included transfers of certain stores in Idaho, Oregon, Utah and Washington to the Initial Credit Provider.

Each quarter, the Initial Credit Provider files with the FDIC financial reports entitled "Consolidated Reports of Condition and Income for Insured Commercial Initial Credit Providers with Domestic and Foreign Offices," commonly referred to as the "Call Reports." The Initial Credit Provider's Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports for the period ending December 31, 2003, and for Call Reports filed by the Initial Credit Provider with the FDIC after the date of this Official Statement may be obtained from the FDIC, Disclosure Group, Room F518, 550 17th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at <http://www2.fdic.gov>, or by writing to Corporate Secretary's Office, Wells Fargo Center, Sixth and Marquette, MAC N9305-173, Minneapolis, MN 55479.

The Initial Credit Facility will be solely an obligation of the Initial Credit Provider and will not be an obligation of, or otherwise guaranteed by, Wells Fargo & Company, and no assets of Wells Fargo & Company or any affiliate of the Initial Credit Provider or Wells Fargo & Company will be pledged to the payment thereof. Payment of the Initial Credit Facility will not be insured by the FDIC.

The information contained in this section, including financial information, relates to and has been obtained from the Initial Credit Provider, and is furnished solely to provide limited introductory information regarding the Initial Credit Provider and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Initial Credit Provider since the date hereof.

THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT

The Initial Credit Facility

On the date of issuance of the Bonds, the Initial Credit Provider will issue for the account of the Corporation in favor of the Trustee an irrevocable direct pay letter of credit (the "Initial Credit Facility") in the original face amount (as from time to time reduced and reinstated as provided in the Initial Credit Facility) equal to the original principal amount of the Bonds plus 48 days' interest thereon at 12.0% per annum, on the basis of a 365 day year. The Initial Credit Facility (subject to any reductions and reinstatements as provided therein) will permit the Trustee to draw upon an amount equal to the then outstanding amount of the Bonds to pay the unpaid principal thereof and accrued interest on the Bonds. All Drawings (as defined in the Initial Credit Facility) under the Initial Credit Facility will be paid with the Initial Credit Provider's own funds. While in effect, the Initial Credit Facility entitles the Trustee to Draw on the Initial Credit Facility, on such dates and at such times as specified in the Initial Credit Facility. Each Drawing honored by the Initial Credit Provider under the Initial Credit Facility will immediately reduce the total amount of the Initial Credit Facility by the amount of such Drawing, subject to reinstatement on the terms set forth in the Initial Credit Facility.

The Initial Credit Facility shall terminate on the earliest to occur of: (i) the Expiration Date (as defined below); (ii) the making of a final draw under the Initial Credit Facility; and (iii) the date on which the Trustee

surrenders the Initial Credit Facility to the Initial Credit Provider. The Expiration Date for the Initial Credit Facility means the earlier of (a) June 1, 2010 or (b), if on or before June 1, 2008, the Trustee shall have received a written notice from the Initial Credit Provider that it elects not to extend the Letter of Credit beyond June 1, 2009, June 1, 2009. See “APPENDIX D–Form of Initial Credit Facility.”

The Reimbursement Agreement

The Corporation and the Initial Credit Provider have executed a Reimbursement Agreement, dated as of September 1, 2004 (as previously defined, the “Reimbursement Agreement”), which, among other things, sets forth the terms and conditions whereby the Corporation is required to repay the Initial Credit Provider any amounts drawn by the Trustee under the Initial Credit Facility and grants to the Initial Credit Provider certain liens and security interests in real property and other property of the Corporation. Capitalized terms used in this Section “THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT” and not otherwise defined shall have the meanings given to such terms in the Reimbursement Agreement.

The Reimbursement Agreement and the other documents, agreements and instruments, including without limitation, the Embarcadero Deed of Trust, the Chinatown Deed of Trust and the Security Agreement, secure the Corporation’s obligations to the Initial Credit Provider and do not secure or otherwise provide collateral for the obligations of the Corporation to Trustee or the holders of the Bonds or the Bonds.

The Initial Credit Provider will issue the Initial Credit Facility pursuant to the terms and provisions of the Reimbursement Agreement. Further, the Reimbursement Agreement requires the Corporation to take all necessary action to cause the redemption of a portion of the Bonds on the October Interest Payment Date of each year, commencing with the Interest Payment Date in October 2004 (See “REDEMPTION OF BONDS–Optional Redemption”). The principal amount of the Bonds to be redeemed on each respective October Interest Payment Date is set forth in the Reimbursement Agreement and is subject to modification by the Initial Credit Provider.

The Corporation’s redemption obligations described in the Reimbursement Agreement are solely for the benefit of the Initial Credit Provider and may be waived or modified by the Initial Credit Provider in its sole and absolute discretion in accordance with the terms of the Reimbursement Agreement.

The Reimbursement Agreement contains various affirmative and negative covenants and events of default, including, among other things, covenants regarding the following: pension plan regulatory matters; further assurances; conduct of business; maintenance of existence; compliance with laws; inspection of property, books and records; notices; compliance with Related Documents; sales of assets; tax covenants; litigation; financial statements; financial condition; minimum liquidity; merger, consolidation; transfer of assets; guaranties; loans, advances and investments; distributions; reappraisal of collateral; real property loan-to-value ratio; pledge of assets. In addition, pursuant to the Reimbursement Agreement the Corporation will, among other things, (i) preserve, renew and keep in full force and effect all rights, privileges, contracts and leases necessary or useful for the normal conduct of its businesses, (ii) comply with all applicable laws, (iii) conduct its business in an orderly manner without voluntary interruption and (iv) remain qualified to do business in each jurisdiction where such qualification is required.

The following is a summary of certain actions or events, the occurrence of any of which, among others, constitutes an Event of Default under the Reimbursement Agreement:

(a) The Corporation shall fail to pay when due any amount owing under the Reimbursement Agreement or any Related Document or to deposit with the Initial Credit Provider any amount specified in the Reimbursement Agreement when due to be deposited; or

(b) Any representation or warranty made by the Corporation in the Reimbursement Agreement or in any Related Document or in any certificate, financial or other statement furnished by the Corporation pursuant to the Reimbursement Agreement shall prove to have been untrue or incomplete in any material respect when made; or

(c) The Corporation shall fail to perform or observe any material term, covenant or agreement on its part to be performed or observed under the Reimbursement Agreement or under any Related Document (other than as

specified in paragraphs (a) and (b) above), and with respect to any such default which by its nature can be cured, such default shall continue for a period of thirty (30) days from its occurrence; or

(d) (i) Any impairment of the rights of the Initial Credit Provider in any Collateral or Proceeds, including, without limitation, any attachment or like levy on any Collateral or Proceeds; or (ii) the Initial Credit Provider, in good faith, believes any or all of the Collateral and/or Proceeds to be in danger of misuse, dissipation, commingling, loss, theft, damage or destruction, or otherwise in jeopardy or unsatisfactory in character or value; or

(e) Any material provision of the Reimbursement Agreement or any Related Document shall at any time for any reason cease to be in full force and effect or valid and binding on the Corporation, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Corporation or the Corporation shall deny that it has any further liability or obligation under the Reimbursement Agreement or any Related Document, and such event shall have or be likely to have a material adverse effect on the condition of the Corporation or its ability to perform its obligations under the Reimbursement Agreement and the Related Documents; or

(f) The Corporation shall: (i) apply for or consent to the appointment of a receiver, trustee, custodian, liquidator or the like of itself or any of its property; or (ii) admit in writing its inability to pay its debts generally as they become due; or (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent; or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) If without the application, approval or consent of the Corporation, an involuntary case or other proceeding shall be instituted in any court of competent jurisdiction, under the United States Bankruptcy Code or any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking in respect of the Corporation, an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Corporation, or of all or any substantial part of the assets of the Corporation, or other like relief in respect thereof under any bankruptcy or insolvency law; or

(h) (i) any defined event of default occurs under any Related Document; or (ii) the Corporation (A) fails to make any payment when due (whether by scheduled maturity, acceleration or otherwise) in respect of any indebtedness, whether direct or contingent (other than indebtedness under the Reimbursement Agreement) or (B) fails to observe or perform any other agreement or condition relating to any such indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit any holder of such indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause such indebtedness to be demanded or to become due or to be repurchased or redeemed prior to its stated maturity; or

(i) (i) The recording of any claim of lien against the Project, Real Property Collateral or other Collateral, or the service on the Initial Credit Provider of any bonded stop notice relating to the Project and the continuance of such claim of lien or bonded stop notice for twenty (20) days after notice of same to the Corporation without discharge, satisfaction or provision for payment being made by the Corporation in a manner satisfactory to the Initial Credit Provider; or (ii) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Project, Real Property Collateral or other Collateral; or (iii) the sequestration or attachment of, or any levy or execution upon any of the Project, Real Property Collateral or other Collateral, or any substantial portion of the other assets of the Corporation, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of (x) thirty (30) days after notice thereof to the Corporation or (y) 30 days prior to the sale of the assets affected thereby; or

(j) The sale, transfer, hypothecation, assignment or encumbrance, whether voluntary, involuntary or by operation of law, other than as expressly allowed by the Reimbursement Agreement, without the Initial Credit Provider's prior written consent, of all or any part of or interest in the Real Property Collateral; or

(k) The failure of either the Embarcadero Deed of Trust or the Chinatown Deed of Trust, either as modified in writing from time to time by the Initial Credit Provider and the Corporation, to be a valid lien of the priority specified in Section 6(a) of the Reimbursement Agreement upon the Embarcadero Collateral or the Chinatown Collateral, as applicable, or, in either case, any portion thereof; or

(l) The Reimbursement Agreement or any Related Document, in the Initial Credit Provider's reasonable discretion, shall at any time for any reason cease to be a valid and legally binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally or the availability of equitable remedies.

Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Initial Credit Provider may declare all amounts payable by the Corporation under the Reimbursement Agreement to be immediately due and payable, without presentment, demand, protest or other notice or formality of any kind; provided that upon the occurrence of an Event of Default described in (f) or (g) above, such acceleration shall automatically occur.

In either case, the Initial Credit Provider may also: (a) require that the Corporation immediately pay to the Initial Credit Provider in immediately available funds an amount equal to the undrawn balance of the Initial Credit Facility, provided, however, that upon the occurrence of an Event of Default described in (f) or (g) above, such payment obligations shall automatically become due and payable; (b) exercise all of its rights and remedies under any Related Document (to which the Initial Credit Provider is a party or the Initial Credit Provider is a third party beneficiary) or applicable law; (c) require the Trustee to declare a default under the Indenture and accelerate all of the Bonds as provided in the Indenture; or (d) exercise all or any combination of the remedies provided for in this paragraph. Notice to the Trustee by the Initial Credit Provider of any Event of Default under the Reimbursement Agreement constitutes an Event of Default under the Indenture which, at the request of the Initial Credit Provider, will result in acceleration of the maturity of the Bonds. (See "TENDER OF BONDS FOR PURCHASE — Mandatory Tender").

The Corporation and the Initial Credit Provider may amend the Reimbursement Agreement at any time without the consent of the Trustee, the Authority, the holders of the Bonds or any other person and any such amendment could amend the conditions under which the Corporation would be in default thereunder and thereby increase the ability of the Initial Credit Provider to give notices which could result in, among other things, an Event of Default under the Indenture.

THE CORPORATION

The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, organized and existing under the laws of the State of California. The Corporation provides community-wide social, cultural, recreational and educational events and services in the San Francisco Bay Area, through its branches in San Francisco, Marin, San Mateo and Solano Counties.

THE AUTHORITY

The Authority is a joint powers agency duly organized and existing under the laws of the State of California. The Authority was formed pursuant to the terms of a Joint Powers Agreement, dated as of April 1, 1990, as amended as of September 18, 1990 and June 9, 1992, and the Joint Exercise of Powers Act of the State (constituting Chapter 5, commencing with Section 6500, of Division 7 of Title 1 of the California Government Code) (the "Act"), in order to assist nonprofit corporations and other entities to obtain financing for projects located within the several jurisdictions of Authority members with purposes serving the public interest.

THE BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND THE PRINCIPAL THEREOF, AND PREMIUM, IF ANY, AND INTEREST THEREON, ARE PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE REVENUES AND THE OTHER AMOUNTS PLEDGED

THEREFOR THEREUNDER, AND THE PURCHASE PRICE THEREOF IS PAYABLE SOLELY FROM, AND SECURED IN ACCORDANCE WITH THEIR TERMS AND THE PROVISIONS OF THE INDENTURE SOLELY BY, THE PROCEEDS OF THE REMARKETING OF THE BONDS OF THE APPLICABLE SERIES AND AMOUNTS MADE AVAILABLE UNDER THE APPLICABLE CREDIT FACILITY FOR A SERIES. NEITHER THE AUTHORITY, ABAG, ANY OF THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER, AND NONE OF THE BONDS OR ANY OF THE AUTHORITY'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE AUTHORITY, ABAG, OR THE MEMBERS OF THE AUTHORITY OR ABAG, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL, OR STATUTORY PROVISION WHATSOEVER. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the best knowledge of the Authority, there is no controversy of any nature now pending or threatened against the Authority which seeks to restrain or enjoin the sale or issuance of the Bonds or which in any way contests or affects the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, the use of the Bonds proceeds or the existence or powers of the Authority relating to the issuance of the Bonds.

The Corporation

There is no litigation of any nature now pending, with service of process having been accomplished, or, to the best knowledge of the Corporation, threatened against the Corporation, which seeks to restrain or enjoin the issuance or the sale of the Bonds or which in any way contests or affects the validity of the Bonds and proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, the use of the Bond proceeds or the existence or powers of the Corporation relating to the Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned the Series A Bonds ratings of "Aaa/VMIG1" and the Series B Bonds ratings of "Aaa/VMIG1," in each case with the understanding that upon delivery of the Bonds the Initial Credit Facility will be executed and delivered to the Trustee by the Initial Credit Provider. Any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings might not be lowered or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. The Authority, the Corporation and the Underwriter have not undertaken any responsibility to bring to the attention of the Bondholders any proposed change in or withdrawal of a rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of a rating may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Authority and the Corporation have entered into a purchase contract with Banc of America Securities LLC, as Underwriter, pursuant to which the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Authority. The Underwriter has agreed to purchase the Bonds from the Authority at a purchase price equal to the principal amount of the Bonds less an Underwriter's discount of \$250,000 and \$65,000 for the

Series A and Series B Bonds, respectively. The Underwriter is obligated under the purchase contract to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriter to certain dealers and others at yields lower than the public offering price indicated on the cover hereof, and such public offering price may be changed, from time to time, by the Underwriter.

APPROVAL OF LEGALITY

Certain legal matters incident to the issuance of the Bonds are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto. Neither Bond Counsel nor counsel to the Corporation undertakes any responsibility for the accuracy, completeness or fairness of this Official Statement. Certain other legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, for the Authority by Jones Hall, A Professional Law Corporation, San Francisco, California, for the Corporation by its counsel, Nixon Peabody LLP, San Francisco, California, and for the Initial Credit Provider by its counsel, Chapman and Cutler LLP, San Francisco, California.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based on an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included herein as Appendix C.

Series B Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series B Bonds. The Authority and the Corporation have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series B Bonds may adversely affect the value of, or the tax status of interest on, the Series B Bonds.

In addition, Bond Counsel has relied, among other things, on the opinion of Nixon Peabody LLP, San Francisco, California, Counsel to the Corporation, regarding the current qualification of the Corporation as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of the Corporation concerning the Corporation's "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor Counsel to the Corporation has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond

Counsel nor Counsel to the Corporation can give or has given any opinion or assurance about the future activities of the Corporation, or about the effect of future changes in the Code, applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the Corporation to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series B Bonds in a manner that is substantially related to the Corporation's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series B Bonds being included in federal gross income, possibly from the date of the original issuance of the Series B Bonds.

The interest rate mode and certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate with respect to the Series B Bonds, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Series B Bonds is excluded from gross income for federal tax purposes and that interest on the Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series B Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series B Bonds. Prospective purchasers of the Series B Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series B Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Corporation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. With respect to the Series B Bonds the Authority and the Corporation have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series B Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Corporation or the Beneficial Owners regarding the tax-exempt status of the Series B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the Corporation and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the Corporation legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series B Bonds for audit, or the course or result of such audit, or any audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series B Bonds, and may cause the Authority, the Corporation or the Beneficial Owners to incur significant expense.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the Bondholders upon an Event of Default under the Indenture or Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. In particular, under the United States

Bankruptcy Code, a bankruptcy case may be filed by the Authority, by or against the Corporation or by or against any of their affiliates. In general, the filing of any such petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The Corporation has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Corporation has not undertaken any initial continuing disclosure obligations with respect to the Bonds. Under the Loan Agreement, the Corporation has agreed to comply with the continuing disclosure requirements of the Rule for the Bonds whenever a Term Interest Rate Period of longer than nine months is in effect or if otherwise required by the Rule.

MISCELLANEOUS

All quotations from and summaries and explanations of the Indenture, the Loan Agreement, the Initial Credit Facility and the Reimbursement Agreement and of other documents and of statutes contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions. A copy of the Indenture, the Loan Agreement, the Initial Credit Facility and the Reimbursement Agreement may be obtained upon request directed to the Underwriter or the Corporation.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the Corporation and Holders of any of the Bonds.

Other than with respect to information concerning the Authority contained under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION–The Authority,” none of the information in this Official Statement has been supplied or verified by the Authority, and the Authority makes no representation or warranty, express or implied, as to (a) the accuracy or completeness of such information; (b) the validity of the Bonds; or (c) the tax status of the interest on the Bonds.

Execution of this Official Statement by the Chief Financial Officer of the Authority has been duly authorized by the Authority.

**ABAG FINANCE AUTHORITY FOR NONPROFIT
CORPORATIONS**

By: /s/ Joseph K. Chan
Chief Financial Officer

The execution and delivery of this Official Statement by the Executive Vice President & Treasurer of the Corporation has been duly authorized by the Corporation.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF
SAN FRANCISCO**

By: /s/ Thomas J. Boyer
Executive Vice President &
Treasurer

APPENDIX A

BOOK-ENTRY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE CORPORATION, THE TRUSTEE AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE CORPORATION, THE TRUSTEE AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN).

Initially, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges in Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except if use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other name as may be requested by an authorized representative of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. As long as the DTC book-entry system is used for the Bonds, redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Purchase Price, premium, if any, and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Purchase Price, premium, if any, and interest on the Bonds to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Procedures in the Event of a Request of a Beneficial Owner to Tender its Interest in a Bond. As more fully described in this Official Statement, the Holder of a Bond may elect to have its Bond purchased at the Purchase Price, on the Purchase Date, at the times and in the manner set forth in the Official Statement. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, the right of a Holder to tender any Bond for purchase, the mechanics for exercising such right to tender and the right of such Holder or Beneficial Owner to receive payment of the Purchase Price of any Bond tendered for purchase as described herein pertain only to the rights of Cede & Co. and not the rights of any Beneficial Owner. The ability of any Beneficial Owner to tender its interest in any Bond and receive payment therefor is based solely upon and subject to the procedures and limitations of the book-entry only system, including the contractual arrangement of such Beneficial Owner with one of the Direct or Indirect Participants and the contractual arrangements of such Direct or Indirect Participants with DTC. Such procedures and limitations may cause a delay in the ability of a Beneficial Owner to exercise a right to tender its interest in the Bonds, or to receive timely payment of the Purchase Price thereof in the manner described in this Official Statement. As noted above, neither the Authority, the Corporation, the Trustee nor the Remarketing Agent will have any responsibility to any Beneficial Owner with respect to the timely exercise by DTC or any Direct or Indirect Participant of any direction by a Beneficial Owner with respect to its election to tender its interest in the Bonds or with respect to the timely remittance by DTC or any Direct or Indirect Participant of the Purchase Price of the Bonds.

The Authority cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of the principal, Purchase Price, premium, if any, and interest on the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Authority is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of the principal, Purchase Price, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither

the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

DEFINITIONS

“Accountant’s Certificate” means a certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

“Act” means the Joint Exercise of Powers Act, constituting Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State.

“Act of Bankruptcy” means any of the following with respect to any person: (a) the commencement by such person of a voluntary case under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such person to timely controvert the filing of a petition with a court having jurisdiction over such person to commence an involuntary case against such person under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such person or such person’s assets shall be appointed in any proceeding brought against the person or such person’s assets; (e) assignment of assets by such person for the benefit of its creditors; or (f) the entry by such person into an agreement of composition with its creditors.

“Additional Payments” means the payments to be made by the Corporation to the Authority, the Trustee or the United States, as applicable, pursuant to the Agreement.

“Agreement” means the Loan Agreement, dated as of September 1, 2004, between the Authority and the Corporation and relating to the loan of the proceeds of the Bonds, as originally executed or as it may from time to time be supplemented or amended.

“Alternate Credit Facility” means any letter of credit, guarantee, insurance policy or other credit support arrangement, or any combination thereof, provided by the Corporation with respect to the Bonds of a Series pursuant to the Agreement and the Indenture.

“Amendment” means any amendment or modification of the Agreement.

“Approving Opinion” means an Opinion of Bond Counsel to the effect that the action being taken (a) is authorized by the applicable provisions of the Indenture, and (b) with respect to the Series B Bonds, will not, in and of itself, adversely affect the Tax-Exempt status of interest on such Series B Bonds.

“Authority” means the ABAG Finance Authority for Nonprofit Corporations a joint exercise of powers authority organized and existing under the laws of the State, or its successors and assigns.

“Authorized Authority Representative” means the President, Chief Financial Officer or Secretary of the Authority, or any person who may be designated by the President, Chief Financial Officer or Secretary of the Authority by written certificate furnished to the Trustee, as a person authorized to act on behalf of the Authority.

“Authorized Corporation Representative” or “Authorized Representative” means any person who at the time and from time to time may be designated, by written certificate furnished to the Authority, the Credit Provider (if any) and the Trustee, as a person authorized to act on behalf of the Corporation. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

“Authorized Denomination” means (a) with respect to Bonds of a Series during any Weekly Rate Period or Term Interest Rate Period of less than one year, \$100,000 or any multiple of \$5,000 in excess thereof; and (b) with respect to Bonds of a Series during any Term Interest Rate Period of one year or more, \$5,000 or any integral multiple in excess thereof.

“Available Amounts” means (a) during any period in which Outstanding Bonds of a Series are secured by a Credit Facility, (i) funds received by the Trustee pursuant to such Credit Facility; (ii) moneys which have been continuously on deposit with the Trustee (A) held in any separate and segregated fund, account or subaccount established under the Indenture in which no other moneys which are not Available Amounts are held, and (B) which have so been on deposit with the Trustee for at least 123 consecutive days from their receipt by the Trustee and not commingled with any moneys so held for less than said period and during and prior to which period, and as of the date of the application thereof to the payment of Bonds of such Series, no Act of Bankruptcy of the Corporation or the Authority has occurred; (iii) proceeds from the issuance and sale or remarketing of bonds, notes or other evidences of indebtedness of the Authority received by the Trustee directly and contemporaneously with the issuance and sale or remarketing of such bonds, notes or other evidences of indebtedness if there is delivered to the Trustee at the time such moneys are deposited with the Trustee an opinion of counsel (which may assume that no Holder of Bonds of such Series is an “insider” within the meaning of the Bankruptcy Code) from a firm experienced in bankruptcy matters to the effect that the use of such moneys to pay amounts due on the Bonds of such Series would not be recoverable from the Bondholders pursuant to Section 550 of the Bankruptcy Code as avoidable preferential payments under Section 547 of the Bankruptcy Code in the event of the occurrence of an Act of Bankruptcy of the Corporation or the Authority; (iv) any other moneys if there is delivered to the Trustee at the time such moneys are deposited with the Trustee an opinion of counsel as described in (iii) above; or (v) proceeds of the investment of funds qualifying as Available Amounts under the foregoing clauses; and (b) during any period in which Outstanding Bonds of a Series are not secured by a Credit Facility, any moneys deposited with the Trustee.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Beneficial Owner” means, with respect to any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for the Bonds.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

“Bond Fund” means the Bond Fund established pursuant to the Indenture.

“Bond Purchase Fund” means the Bond Purchase Fund established pursuant to the Indenture.

“Bond Register” means the books for the registration of ownership of the Bonds, and the transfer of ownership of the Bonds, maintained by the Trustee pursuant to the Indenture.

“Bonds” means the Series A Bonds and the Series B Bonds.

“Book-Entry Bonds” means any Bonds which are then held in book-entry form by a Securities Depository as provided in the Indenture.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks located in San Francisco, California or the cities in which the Principal Offices of the Trustee, the Remarketing Agent and the Credit Provider, if any, are located, are required or authorized by law to close or (iii) a day on which the New York Stock Exchange is closed.

“Calendar Week” means the period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week; provided, however, that the initial Calendar Week with respect to each Weekly Interest Rate Period shall commence on the first day of such Weekly Interest Rate Period and shall end

on the next succeeding Wednesday; and provided further that the final Calendar Week with respect to each Weekly Interest Rate Period shall commence on the Thursday immediately preceding the last day of such Weekly Interest Rate Period and shall end on the last day of such Weekly Interest Rate Period.

“Certificate of the Authority” means a certificate signed by an Authorized Authority Representative.

“Certificate of the Corporation” means a certificate signed by an Authorized Corporation Representative.

“Certified Resolution” means a copy of a resolution of the Authority certified by the Secretary of the Authority, or any other Authorized Authority Representative, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

“City” means the City of San Francisco, California.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Date” means the date of completion of the last portion of the Project as that date shall be certified as provided in the Agreement.

“Construction Fund” means the Construction Fund established pursuant to the Indenture.

“Conversion” or “Convert” means the adjustment of the rate borne by Bonds of a Series from a Weekly Interest Rate to a Term Interest Rate, from a Term Interest Rate to a Weekly Interest Rate or from a Term Interest Rate for one Term Interest Rate Period to a Term Interest Rate for another Term Interest Rate Period.

“Conversion Date” means the date on which the Interest Rate Period for Bonds of a Series is changed, or the date of a change of the Interest Rate Period for Bonds of a Series specified in a notice given pursuant to the Indenture.

“Conversion Notice” means the notice required in connection with the Conversion of Bonds of a Series.

“Corporation” means the (i) Young Men’s Christian Association of San Francisco, a California nonprofit public benefit corporation, and its successors and assigns, and (ii) any surviving, resulting or transferee corporation.

“Costs” means, with respect to the Project, the sum of the items, or any such item, of the cost of the acquisition, construction, improvement, furnishing and equipping of the Project authorized to be paid with Series B Bond proceeds pursuant to the provisions of the Act and the Agreement, including the reimbursement to the Corporation of amounts expended for such costs to the extent permitted by the Tax Certificate, but shall not include any Costs of Issuance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Corporation and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, initial fees and charges of the Trustee, legal fees and charges, including fees and charges of counsel to the Authority, the Trustee, the Initial Credit Provider and Bond Counsel, fees and disbursements of consultants and professionals, Rating Agency fees, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the Costs of Issuance Fund and the Series A Account and the Series B Account established pursuant to the Indenture.

“Credit Agreement” means, with respect to any Credit Facility, the agreement or agreements between the Corporation and the applicable Credit Provider, as originally executed or as it or they may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the issuance of the Credit Facility and the reimbursement of the Credit Provider for payments thereunder, together with any related

pledge agreement, security agreement or other security document. A Credit Facility and the related Credit Agreement may be a single document.

“Credit Facility” means, as of any time, and with respect to a Series of Bonds, the Initial Credit Facility or any Alternate Credit Facility, as applicable, then supporting the Bonds of such Series.

“Credit Facility Account” means the Credit Facility Account established in the Bond Fund pursuant to the Indenture.

“Credit Facility Purchase Account” means the Credit Facility Purchase Account established in the Bond Purchase Fund pursuant to the Indenture.

“Credit Provider” means, with respect to a Credit Facility, the bank or other financial institution issuing the Credit Facility or otherwise obligated under the Credit Facility to provide amounts to pay the principal and/or Purchase Price of, and/or interest on, the Bonds or a Series of Bonds.

“Credit Provider Bond” means any Bond of a Series acquired with moneys in the Credit Facility Purchase Account for such Series until such Bond is remarketed and the Credit Facility has been fully reinstated or until such Bond shall not be considered a Credit Provider Bond in accordance with the applicable Credit Agreement.

“DTC” means The Depository Trust Company and its successors and assigns.

“DTC Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile transmission, internet, e-mail or other electronic means of communication.

“Escrow Agreement” means that certain Escrow Agreement, dated September 2, 2004, by and between the Corporation and U.S. Bank National Association, as trustee, pursuant to which the 1999 Certificates are being refunded.

“Escrow Fund” means the fund by that name established pursuant to the Escrow Agreement.

“Event of Default” as used with respect to the Indenture has the meaning specified therein, and as used with respect to the Agreement has the meaning specified therein.

“Facilities” means all of the real and personal property constituting the Embarcadero YMCA, located at 169 Steuart Street, San Francisco, California 94105, the Chinatown YMCA, located at 855 Sacramento Street, San Francisco, California 94108 and the Bayview Hunter’s Point YMCA, located at 1601 Lane Street, San Francisco, California 94124, as the same may be improved and expanded from time to time.

“Fitch” means Fitch Ratings, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody’s) designated by the Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

“Holder” or “Bondholder” means the registered owner of any Bond.

“Indenture” means the Indenture of Trust, dated as of September 1, 2004, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Moody’s “Mergent” 5250 77 Center Drive, Suite 150, Charlotte, North Carolina, 28217, Attention: Called Bond Department; or the Municipal Securities Rulemaking Board, CDI Pilot, 1640 King Street, Suite 300, Alexandria, Virginia 22314; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, as the Corporation may designate in a Certificate of the Corporation delivered to the Trustee.

“Initial Credit Facility” means the irrevocable direct pay letter of credit issued by the Initial Credit Provider with respect to the Bonds.

“Initial Credit Provider” means Wells Fargo Bank, National Association, as the issuer of the Initial Credit Facility.

“Interest Payment Date” means (i) with respect to each Credit Provider Bond, each date for the payment of interest thereon set forth in the applicable Credit Agreement; (ii) with respect to each Bond of a Series bearing interest at a Weekly Interest Rate, the first Business Day of each calendar month, (iii) with respect to each Bond of a Series bearing interest at a Term Interest Rate for a Term Interest Rate Period of less than one year, the day immediately succeeding the last day of such Term Interest Rate Period, and (iv) with respect to any Term Interest Rate Period of one year or longer, each Semi-Annual Interest Payment Date during such Term Interest Rate Period and the day immediately succeeding the last day of such Term Interest Rate Period.

“Interest Period” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period shall be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date relating to the Bonds.

“Interest Rate Period” means either a Weekly Interest Rate Period or a Term Interest Rate Period.

“Investment Securities” means any of the following if and to the extent that the following are at the time legal investments under the laws of the State of California for moneys held under the Indenture and then proposed to be invested therein and shall be the sole investments in which amounts on deposit in any fund or account created under the Indenture shall be invested:

(a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraphs (b), (c) or (d)).

(b) Direct obligations (including obligations issued or held in book entry form on the books of the Department of Treasury) of the United States of America.

(c) Obligations of any federal agency or federally sponsored entity which obligations are guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

(i) Export-Import Bank

(ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration)

(iii) Federal Financing Bank

(iv) General Services Administration

(v) U.S. Maritime Administration

(vi) U.S. Department of Housing and Urban Development

(vii) Small Business Administration

(viii) Government National Mortgage Association

(ix) Federal Housing Administration

(x) Farm Credit System Financial Assistance Corporation

(xi) The guaranteed interest on obligations issued by the Resolution Trust Corporation.

(d) Direct obligations of any federal agency or federally sponsored entity which are not fully guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

(i) Federal National Mortgage Association

(ii) Federal Home Loan Mortgage Corporation

(iii) Federal Home Loan Bank System

(iv) The principal component of obligations issued by the Resolution Trust Corporation

(v) Student Loan Marketing Corporation.

(e) Commercial paper which is rated at the time of purchase in the highest short-term rating category (without regard to qualifier, "A-1" by S&P, "P-1" by Moody's and "F-1" by Fitch) of at least one nationally recognized rating agency and which matures not more than 270 days after the date of purchase.

(f) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which either (i) have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to qualifier) of at least two nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 365 days after the date of purchase.

(g) Investments in (i) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category for money market funds (without regard to qualifier) of at least one nationally recognized rating agency including funds for which the Trustee and its affiliates provide investment advisory or other management services, and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories (without regard to qualifier, "A-1" by S&P, "P-1" by Moody's and "F-1" by Fitch) of at least two nationally recognized rating agencies.

(h) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and,

(i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest long-term rating category (without regard to qualifier) of at least two nationally recognized rating agencies; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting of cash or securities as described in paragraphs (b) or (c) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified pursuant to such irrevocable instructions, as appropriate, and

(B) which escrow is sufficient, as verified by an Accountant’s Certificate, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the redemption date or dates specified pursuant to such irrevocable instructions, as appropriate.

(i) General obligations of states with a short-term rating in one of the two highest rating categories (without regard to qualifiers) and a long-term rating in one of the two highest rating categories (without regard to qualifiers) of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(j) Repurchase agreements with any commercial bank, which has a long-term, unsecured rating of “A” or better by S&P and A2 or better by Moody’s, provided that (i) the term of such repurchase agreement is not greater than thirty years, (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (iii) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 102% for those securities defined in paragraphs (b) and (c) above and 104% for those securities defined in paragraph (d) above of the amount of cash transferred by the Trustee to the commercial bank under the repurchase agreement plus interest, (iv) failure to maintain the requisite collateral levels will permit the Trustee to liquidate the collateral immediately, (v) the repurchase securities are free and clear of any third-party lien or claim; and (vi) in the case of PSA Master Repurchase Agreements, there shall have been delivered to the Trustee, the Authority and the Corporation an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of the funds to be invested.

(k) Investment agreements, including guaranteed investment contracts (“GICs”), forward purchase agreements and reserve fund put agreements.

(l) Any other investments approved in writing by the Authority and the Credit Provider.

“Issue Date” means, with respect to the Bonds, the date on which the Bonds are first delivered to the purchasers thereof.

“Loan” means the loan in the initial aggregate principal amount of the Bonds made by the Authority to the Corporation pursuant to the Agreement.

“Mandatory Tender Bonds” has the meaning specified in the Indenture.

“Maximum Interest Rate” means (a) while a Credit Facility is in effect with respect to Bonds of a Series, the rate of interest specified in such Credit Facility which is used to determine the amount available under such Credit Facility for payment of interest due and payable to Holders of Bonds of such Series, but in no event greater than 12% per annum, and (b) at all other times, 12% per annum; provided, however, “Maximum Interest Rate” with respect to Credit Provider Bonds means the maximum rate of interest allowed by law, if any.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

“Net Proceeds” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to the Facilities or any part thereof, less any costs reasonably expended by the Corporation to receive such proceeds.

“1999 Certificates” means, collectively, the Certificates of Participation (YMCA of San Francisco Refunding Project) 1999 Series A Tax-Exempt and the Certificates of Participation (YMCA of San Francisco Refunding Project) 1999 Series B Taxable.

“Nominee” means Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository under the Indenture, any nominee of such substitute Securities Depository.

“Notice by Mail” or “notice” of any action or condition “by Mail” shall mean a written notice meeting the requirements of the Indenture mailed by first class mail, postage prepaid.

“NRMSIR” means a nationally recognized municipal securities information repository recognized by the Securities and Exchange Commission pursuant to Rule 15c2-12.

“Opinion of Bond Counsel” means an Opinion of Counsel delivered by any Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Corporation) acceptable to and addressed to the Authority and the Corporation.

“Outstanding,” when used as of any particular time with reference to the Bonds (subject to the provisions of the Indenture relating to disqualified Bonds), means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except:

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture;
- (c) Bonds with respect to which the liability of the Authority has been discharged to the extent provided in, and pursuant to the requirements of, the Indenture; and
- (d) Bonds deemed purchased pursuant to the Indenture.

“Participant” means each DTC Participant and if there is a Securities Depository for the bonds other than DTC, each broker-dealer, bank and other financial institution from time to time for which such substitute Securities Depository holds Bonds as securities depository.

“Person” means an individual, corporation, firm, association, limited liability company, corporation, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Office” (i) of the Trustee means the principal corporate trust office of the Trustee designated in writing to the Authority, the Credit Provider and the Corporation, which initially shall be located in San Francisco, California at the address set forth in the Indenture; (ii) of the Remarketing Agent means its office designated in writing to the Authority, the Trustee, the Credit Provider and the Corporation, which initially shall be located in

Charlotte, North Carolina at the address set forth in the Indenture; (iii) of the Initial Credit Provider means the offices of the Initial Credit Provider designated in writing to the Authority, the Trustee and the Corporation, which initially shall be located in San Francisco, California at the address set forth in the Indenture; and (iv) of any subsequent Credit Provider means its office located at such address as such Credit Provider shall designate in writing to the Authority, the Trustee and the Corporation.

“Project” means the additions to and improvements of the Facilities, including the real property upon which the Project is located, and the equipment and furnishings, generally described in Exhibit A to the Agreement.

“Purchase Date” means, with respect to Bonds of a Series, each date on which such Bond is required to be purchased pursuant to the Indenture.

“Purchase Price” means an amount equal to 100% of the principal amount of any Bond of a Series (or the portion thereof) tendered or deemed tendered to the Trustee for purchase pursuant to the Indenture, plus accrued and unpaid interest thereon to but not including the date of purchase; provided, however, if the Purchase Date occurs after the Record Date applicable to the interest accrued on such Bond from the last occurring Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

“Qualified Newspaper” means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Corporation and designated to the Trustee.

“Rating Agency” means Moody’s to the extent it is then providing or maintaining a rating on the Bonds at the request of the Corporation, or in the event that Moody’s no longer maintains such a rating on the Bonds, Fitch, S&P or, if approved by the Authority, any other nationally recognized rating agency, in each case then providing or maintaining a rating on the Bonds of a Series at the request of the Corporation.

“Rebate Fund” means the Rebate Fund established and held by the Trustee in accordance with the Indenture.

“Rebate Requirement” has the meaning assigned to such term in the Tax Certificate.

“Record Date” means (i) with respect to each Interest Payment Date described in clause (i) of the definition of “Interest Payment Date,” such Interest Payment Date; (ii) with respect to each Interest Payment Date described in clause (ii) or clause (iii) of the definition of “Interest Payment Date,” the Business Day immediately preceding the applicable Interest Payment Date; and (iii) with respect to each Interest Payment Date described in clause (iv) of the definition of “Interest Payment Date,” whether or not a Business Day, the fifteenth day of the month prior to the applicable Interest Payment Date.

“Refunding” means the refunding of the 1999 Certificates pursuant to the Escrow Agreement.

“Remarketing Agent” means the initial Remarketing Agent for the Bonds and any successor Remarketing Agent for the Bonds or a Series of Bonds appointed pursuant to the Indenture.

“Remarketing Agreement” means any agreement or agreements meeting the requirements of the Indenture.

“Repayment Installment” means any amount that the Corporation is required to pay to the Trustee pursuant to the Agreement.

“Revenues” means all payments received by the Authority or the Trustee pursuant or with respect to the Agreement (except any such payments made pursuant or with respect to the provisions of the Agreement relating to Additional Payments, attorneys’ fees and indemnification) or a Credit Facility, including, without limiting the generality of the foregoing, Repayment Installments (including both timely and delinquent payments), prepayments and all income derived from the investment of any moneys in any fund or account established pursuant to the

Indenture, but not including amounts, including investment income, received for or on deposit in the Rebate Fund or the Bond Purchase Fund.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may from time to time be amended and supplemented.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody’s) designated by the Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

“Semi-Annual Interest Payment Date” means June 1 and December 1.

“Series” means, with respect to the Bonds, the Series A Bonds or the Series B Bonds.

“Series A Bonds” means the ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco Refunding) Taxable Series 2004 A authorized and issued pursuant to the Indenture and any Series A Bonds issued in exchange or replacement thereof in accordance with the Indenture.

“Series B Bonds” means the ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project) Tax-Exempt Series 2004 B authorized and issued pursuant to the Indenture and any Series B Bonds issued in exchange or replacement thereof in accordance with the Indenture.

“SID” means the state information depository, if any, of the State recognized by the Securities and Exchange Commission pursuant to Rule 15c2-12.

“State” means the State of California.

“Supplemental Indenture” or “indenture supplemental hereto” means any indenture duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

“Surplus Account” means an account so designated established pursuant to the Indenture.

“Taxable” means that interest on obligations is included in the gross income of the holders thereof for federal income tax purposes.

“Tax Certificate” means the Tax Certificate and Agreement relating to the Series B Bonds, dated as of the Issue Date for the Series B Bonds, by and between the Authority and the Corporation, as the same may be amended from time to time.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Series B Bonds, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Term Interest Rate” means a non-variable interest rate on Bonds of a Series established for a Term Interest Rate Period in accordance with the Indenture.

“Term Interest Rate Period” means each period determined by the Corporation pursuant to the Indenture during which Bonds of a Series bear interest at a Term Interest Rate; provided that each such period shall be for a term of approximately one month, approximately three months, approximately six months, approximately nine months, approximately one year or any multiple of approximately six months above one year in each case ending on

a day preceding a Business Day; provided, however, that notwithstanding the foregoing any Term Interest Rate Period which ends on the day immediately preceding the maturity date of Bonds of a Series may include a period of time from the Interest Payment Date immediately preceding the maturity date of such Bonds to the day immediately preceding the maturity date of such Bonds even if the time remaining to such day is not one of the periods specified above; and provided further that notwithstanding the foregoing any Term Interest Rate Period may end on the day immediately preceding the maturity date of the Bonds whether or not such maturity date is a Business Day.

“Trustee” means Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor trustee appointed pursuant to the Indenture.

“Variable Index” means an index selected by the Remarketing Agent which is a composite of bid-side yields of obligations (a) which (i) provide for a weekly adjustment of the interest rate, and (ii) which (A) must be purchased on demand of the owner thereof at any time upon notice of up to seven (7) days or (B) are payable in full not later than seven (7) days after the date of evaluation and (b) the interest on which is Taxable, when selecting a composite of bid-side yields of obligations with respect to the Series A Bonds, and is Tax-Exempt, when selecting a composite of bid-side yields of obligations with respect to the Series B Bonds. If for any reason the Variable Index for any rate determination date cannot be established as provided above or is held to be invalid or unenforceable by a court of law, the Variable Index for such rate determination date shall be an index computed by the Remarketing Agent and shall be equal to 95% of the yield applicable to 91-day United States Treasury bills, such yield to be computed on the basis of the coupon equivalent of the average per annum discount rate at which such Treasury bills shall have been sold at the most recent Treasury auction conducted prior to such rate determination date.

“Weekly Interest Rate” means an interest rate on Bonds of a Series established for a Calendar Week pursuant to the Indenture.

“Weekly Interest Rate Period” means each period during which Bonds of a Series bear interest at Weekly Interest Rates.

“Written Order of the Authority” and “Written Request of the Authority” mean, respectively, a written order or request signed by or on behalf of the Authority by an Authorized Authority Representative.

“Weekly Put Bonds” shall have the meaning given such term in the Indenture.

“Yield” shall have the meaning ascribed to such term by Section 148(h) of the Code.

THE INDENTURE

Construction Fund.

(a) The Trustee shall establish, maintain and hold in trust a fund designated as the YMCA of San Francisco Project Construction Fund (the “Construction Fund”). The Trustee shall establish within the Construction Fund such accounts and subaccounts as are specified in the Tax Certificate and, upon written direction from an Authorized Corporation Representative, such additional accounts and subaccounts as may be necessary or convenient to carry out the purposes of the Tax Certificate. Funds in the Construction Fund shall be applied to the Costs of the Project.

(b) The moneys in the Surplus Account shall be used and applied at the written direction of the Corporation (unless some other application of such moneys is requested by the Corporation and there is delivered to the Trustee an Opinion of Bond Counsel to the effect that such application would not, in and of itself, adversely affect the Tax-Exempt status of interest on the Series B Bonds) to the purchase for cancellation or redemption of Bonds as designated by an Authorized Corporation Representative in Authorized Denominations, to the maximum degree permissible, and at the earliest dates at which such Bonds can be purchased or redeemed.

In the event of redemption of all the Series B Bonds or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Construction Fund shall be transferred to the Surplus Account within the Bond Fund, and all moneys in the Bond Fund applicable to the Series B Bonds shall be used to pay or redeem the Series B Bonds.

Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a fund designated as the Costs of Issuance Fund (the “Costs of Issuance Fund”) consisting of the Series A Account and the Series B Account. The moneys in the Series A Account and the Series B Account of the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance.

Bond Purchase Fund. There shall be created and established with the Trustee a trust fund designated the “ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco) Series 2004 Bond Purchase Fund” (the “Bond Purchase Fund”). There shall also be created and established separate accounts in the Bond Purchase Fund designated the “Remarketing Account” consisting of the Series A Subaccount and the Series B Subaccount and the “Credit Facility Purchase Account” consisting of the Series A Subaccount and the Series B Subaccount.

(a) Remarketing Account. All moneys received by the Trustee on behalf of purchasers of Series A Bonds shall be (i) deposited in the Series A Subaccount in the Remarketing Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance therewith. All money received by the Trustee on behalf of purchasers of Series B Bonds shall be (i) deposited in the Series B Subaccount in the Remarketing Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance therewith.

(b) Credit Facility Purchase Account. All moneys received by the Trustee as payments under any Credit Facility for the purchase of Series A Bonds shall be (i) deposited in the Series A Subaccount in the Credit Facility Purchase Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance therewith. All money received by the Trustee as payments under any Credit Facility for the purchase of Series B Bonds shall be (i) deposited in the Series B Subaccount in the Credit Facility Purchase Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance therewith.

The funds held by the Trustee in the Bond Purchase Fund shall not be considered Revenues and shall not constitute part of the trust estate that is subject to the lien of the Indenture. The moneys in the Series A Subaccount in the Remarketing Account and the Series A Subaccount in the Credit Facility Purchase Account shall be used solely to pay the Purchase Price of Series A Bonds as provided in the Indenture (or to reimburse the applicable Credit Provider, if any, for payments made under the applicable Credit Facility for such purpose) and may not be used for any other purposes. All amounts held in the Series A Subaccount in the Remarketing Account and the Series A Subaccount in the Credit Facility Purchase Account therein shall be held in trust by the Trustee for the benefit of the Series A Bondholders or Beneficial Owners of tendered Series A Bonds (provided that any amounts held in the Series A Subaccount in the Remarketing Account which are derived from the remarketing of Credit Provider Bonds which are Series A Bonds shall be held in trust for the benefit of the applicable Credit Provider). No other moneys shall be deposited in the Series A Subaccount in the Credit Facility Purchase Account.

The moneys in the Series B Subaccount in the Remarketing Account and the Series B Subaccount in the Credit Facility Purchase Account shall be used solely to pay the Purchase Price of Series B Bonds as provided in the Indenture (or to reimburse the applicable Credit Provider, if any, for payments made under the applicable Credit Facility for such purpose) and may not be used for any other purposes. All amounts held in the Series B Subaccount in the Remarketing Account and the Series B Subaccount in the Credit Facility Purchase Account therein shall be held in trust by the Trustee for the benefit of the Series B Bondholders or Beneficial Owners of tendered Series B Bonds (provided that any amounts held in the Series B Subaccount in the Remarketing Account which are derived from the remarketing of Credit Provider Bonds which are Series B Bonds shall be held in trust for the benefit of the applicable Credit Provider). No other moneys shall be deposited in the Series B Subaccount in the Credit Facility Purchase Account.

Deposit of Bonds. The Trustee agrees to accept and hold all Bonds delivered to it pursuant to the Indenture in trust for the benefit of the respective Bondholders or Beneficial Owners which shall have so delivered such Bonds until the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners. Any Bonds registered for transfer to new purchasers and delivered to the Trustee shall be held in trust by the Trustee for the benefit of such new purchasers until delivery to such new purchasers.

Remarketing of Bonds.

(a) Weekly Put Bonds.

(i) Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Trustee receives a notice from a Holder of Bonds of a Series to be tendered (the “Weekly Put Bonds”), the Trustee shall give notice by telephone to the Remarketing Agent, specifying the principal amount of Bonds for which it has received such notice, the names of the Holder or Holders thereof and the Purchase Date. The Remarketing Agent shall thereupon offer for sale at par and use its best efforts to find purchasers for such Weekly Put Bonds, other than Credit Provider Bonds.

(ii) Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by telephone to the Remarketing Agent of the accrued amount of the interest payable as of such Purchase Date, and confirming the aggregate principal amount of, the Weekly Put Bonds.

(iii) Not later than 10:30 a.m. (New York City time) on each Purchase Date for Weekly Put Bonds, the Remarketing Agent shall give Electronic Notice (promptly confirmed in writing) to the Corporation and the Trustee of the amount of remarketing proceeds that the Remarketing Agent has received and the principal amount of Weekly Put Bonds which have not been remarketed in accordance with the Remarketing Agreement.

(iv) If the Remarketing Agent’s notice pursuant to subparagraph (iii) above indicates that the Remarketing Agent has less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date, the Trustee shall demand payment under the Credit Facility then in effect with respect to the Weekly Put Bonds by 11:30 a.m. (New York City time) on such Purchase Date so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Weekly Put Bonds. The Trustee shall immediately after such demand for payment give notice by telephone to the Corporation of the amount, if any, of such demand.

(b) Mandatory Tender Bonds.

(i) Not later than 8:30 a.m. (New York City time) on each Purchase Date due to a mandatory tender of Bonds, the Trustee shall give notice by telephone to the Remarketing Agent specifying the principal amount of all Outstanding Bonds of a Series which are subject to mandatory tender on such Purchase Date (the “Mandatory Tender Bonds”) and the names of the registered owner or owners thereof. The Remarketing Agent shall thereupon offer for sale at par and use its best efforts to find purchasers for such Mandatory Tender Bonds, other than Credit Provider Bonds.

(ii) Not later than 9:00 a.m. (New York City time) on each Purchase Date described in subparagraph (i) above, the Trustee shall give notice by telephone to the Remarketing Agent of the accrued amount of the interest payable as of the Purchase Date specified in such notice from the Trustee on, and confirming the aggregate principal amount of, the Mandatory Tender Bonds.

(iii) Not later than 10:30 a.m. (New York City time) on each Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent shall give Electronic Notice (promptly confirmed in writing) to the Corporation and the Trustee of the amount of remarketing proceeds that the Remarketing Agent has

received and the principal amount of Mandatory Tender Bonds which have not been remarketed in accordance with the Remarketing Agreement.

(iv) If the Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date, the Trustee shall demand payment under the Credit Facility then in effect with respect to the Mandatory Tender Bonds by 11:30 a.m. New York City time) on such Purchase Date so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Mandatory Tender Bonds. The Trustee shall immediately after such demand for payment give notice to the Corporation of the amount, if any, of such demand.

(c) Limitation. If a Credit Facility is in effect with respect to the Bonds of a Series, the Remarketing Agent shall not remarket any tendered Bonds of such Series to the Authority, the Corporation or any affiliate of the Corporation.

Deposits into Remarketing Account. The terms of any sale by the Remarketing Agent of tendered Bonds of a Series shall provide for the payment of the Purchase Price for such tendered Bonds by the Remarketing Agent to the Trustee for deposit in the subaccount in the Remarketing Account of the Bond Purchase Fund relating to such Series in immediately available funds at or before 3:45 p.m. (New York City time) on the Purchase Date. The Remarketing Agent shall cause to be paid to the Trustee on each Purchase Date for tendered Bonds the amount specified in the notice given by the Remarketing Agent.

Disbursements from the Bond Purchase Fund.

(a) Application of Moneys. Moneys in the Bond Purchase Fund (other than the proceeds of any remarketing of Credit Provider Bonds which shall be paid to the Credit Provider for such Series of Bonds on the remarketing date) shall be applied at or before 4:00 p.m. (New York City time) to the purchase of Bonds of such Series by the Trustee, on each Purchase Date, as follows:

First -- Moneys in the Series A Subaccount in the Remarketing Account shall be used by the Trustee on any Purchase Date to purchase tendered Series A Bonds at the Purchase Price and moneys in the Series B Subaccount in the Remarketing Account shall be used by the Trustee on any Purchase Date to purchase tendered Series B Bonds at the Purchase Price.

Second -- In the event moneys in the Series A Subaccount in the Remarketing Account on any Purchase Date are insufficient to purchase all tendered Series A Bonds, moneys in the Series A Subaccount in the Credit Facility Purchase Account on such Purchase Date shall be used by the Trustee at that time to purchase such remaining tendered Series A Bonds at the Purchase Price thereof and in the event moneys in the Series B Subaccount in the Remarketing Account on any Purchase Date are insufficient to purchase all tendered Series B Bonds, moneys in the Series B Subaccount in the Credit Facility Purchase Account on such Purchase Date shall be used by the Trustee at that time to purchase such remaining tendered Series B Bonds at the Purchase Price thereof.

Notwithstanding anything to the contrary, if Bonds of a Series are Book-Entry Bonds, payment of the Purchase Price for tendered Bonds shall be made in accordance with the rules and procedures of DTC.

(b) Nondeliveries. The Trustee shall, as to any Bonds of a Series which have not been delivered to it as required by the Indenture, (i) notify the Remarketing Agent in writing of such nondelivery and (ii) place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder of such Bonds on the Bond Register. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of Bonds until the appropriate Bonds are delivered to the Trustee. Upon such delivery, the Trustee shall make any necessary adjustments to the Bond Register.

(c) Limitation. Notwithstanding anything to the contrary in the Indenture, while any Credit Facility is in effect for Bonds of a Series the Trustee shall not use proceeds obtained by remarketing any Bonds of such Series to the Corporation, any affiliate of the Corporation or the Authority to pay any portion of the Purchase Price of the tendered Bonds of such Series, and no such proceeds shall be deposited in the Remarketing Account.

Delivery of Bonds.

(a) If Bonds of a Series are not Book-Entry Bonds, a principal amount of each Series of Bonds equal to the amount of Bonds of each such Series successfully remarketed by the Remarketing Agent shall be delivered by the Trustee to such persons as shall be designated by the Remarketing Agent. Such Series of Bonds shall be held available at the Principal Office of the Trustee and shall be picked up by the Remarketing Agent at or after 1:00 p.m. (New York City time) on the Purchase Date against delivery of funds for deposit into the Remarketing Account of the Bond Purchase Fund equal to the Purchase Price of such Series of Bonds that have been remarketed. If Bonds of a Series are Book-Entry Bonds, transfer of ownership of the remarketed Series of Bonds shall be effected in accordance with the procedures of DTC and the DTC Participants against delivery of funds for deposit into the Remarketing Account of the Bond Purchase Fund equal to the Purchase Price of such Bonds that have been remarketed.

(b) Bonds of a Series purchased with funds in the Credit Facility Purchase Account of the Bond Purchase Fund shall be delivered and held in accordance with the Indenture. Such Bonds shall be held available for registration of transfer and delivery by the Trustee in such manner as may be agreed between the Trustee and such Credit Provider.

Pledge of Revenues and Credit Facility. (a) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts, including the proceeds of the sale of the Bonds (but excluding any Additional Payments paid by the Corporation pursuant or with respect to certain provisions of the Agreement relating to Additional Payments, attorneys' fees and indemnification) held in any fund or account established pursuant to the Indenture other than the Rebate Fund and the Bond Purchase Fund are irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds and to the reimbursement of draws under a Credit Facility, and thereafter, to the payment of obligations due to a Credit Provider under the applicable Credit Agreement. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all amounts in the Series A Subaccount in the Remarketing Account and the Series A Subaccount in the Credit Facility Purchase Account are irrevocably pledged to the punctual payment of the Purchase Price of the Series A Bonds tendered or deemed tendered for purchase pursuant to the Indenture, and, thereafter, to the extent provided in the Credit Agreement relating to the Series A Bonds, to the payment of obligations due to such Credit Provider under such Credit Agreement. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all amounts in the Series B Subaccount in the Remarketing Account and the Series B Subaccount in the Credit Facility Purchase Account are irrevocably pledged to the punctual payment of the Purchase Price of the Series B Bonds tendered or deemed tendered for purchase pursuant to the Indenture and thereafter, to the extent provided in the applicable Credit Agreement relating to the Series B Bonds, to the payment of obligations due to such Credit Provider under such Credit Agreement. Said pledge shall constitute a first and exclusive lien on the Revenues and the amounts in such funds and accounts for the payment of the Bonds, and payment to the Credit Provider in accordance with the terms of the Indenture and of the applicable Credit Agreement to the extent of its interest therein. All Revenues and other amounts pledged under the Indenture shall be held in trust for the benefit of the Holders from time to time of the Bonds and each applicable Credit Provider to the extent of its interest therein, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

(b) The Authority transfers in trust, grants a security interest in, assigns and sets over to the Trustee, for the benefit of the Holders from time to time of the Bonds and the Credit Provider to the extent of its interest therein, all of the Revenues and the other amounts pledged in clause (a) and all right, title and interest and privileges it has in and under the Agreement, except (i) the Authority's rights to receive any notices under the Indenture or the Agreement, (ii) the Authority's right to receive and enforce its rights with respect to payments of fees, expenses and indemnification and certain other purposes under the Agreement, and (iii) the Authority's rights to give approvals or consents pursuant to the Agreement, including, without limitation, the right to collect and

receive directly all of the Revenues and the right to hold and enforce any security therefor; and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee. The assignment under the Indenture is to the Trustee solely in its capacity as Trustee under the Indenture and subject to the provisions of the Indenture and in taking or refraining from taking any action under the Agreement pursuant to such assignment, the Trustee shall be entitled to the protections and limitations from liability afforded it as Trustee under the Indenture. The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Agreement, any Credit Facility and any other security agreement with respect to the Refunding, the Project or the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the Indenture with respect to the Revenues.

(c) Each Credit Facility provided with respect to Bonds of a Series is (to the extent the Authority has any interest therein) irrevocably pledged to the punctual payment of the principal and Purchase Price of, and interest on, the Bonds of such Series, and proceeds of any drawing on such Credit Facility shall not be used for any other purpose. Said pledge shall constitute a first and exclusive lien in favor of the Trustee for the benefit of the Holders of the Bonds of such Series of the Authority's interest, if any, in each Credit Facility and any payments thereunder for the payment of the principal and Purchase Price of, and interest on, the Bonds of such Series in accordance with the terms thereof. Each Credit Facility, if any, and any payments thereunder shall be held in trust for the benefit of the Holders from time to time of the Bonds of such Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

Bond Fund. Upon the receipt thereof, the Trustee shall deposit all Revenues in the "ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco) Series 2004 Bond Fund" (the "Bond Fund") which the Trustee shall establish and maintain and hold in trust, and which shall be disbursed and applied only as authorized in the Indenture. Except as otherwise provided, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on each Series of Bonds as the same shall become due, *pari passu*, whether at maturity, upon redemption or acceleration.

The Trustee shall deposit in the Bond Fund from time to time, upon receipt thereof, all Repayment Installments received by the Trustee from the Corporation, any income received from the investment of moneys on deposit in the Bond Fund and any other Revenues; provided, however, that any prepayment of Repayment Installments received under the Agreement from or for the account of the Corporation shall be deposited in a special account in the Bond Fund established by the Trustee for the purposes of receipt and application of such prepayment, or in such other fund or account held by the Trustee for such purpose in accordance with the provisions of the Indenture relating to defeasance.

In making payments of principal of, premium, if any, and interest on the Bonds, the Trustee shall use any Revenues received by the Trustee.

The Trustee shall establish in the Bond Fund a special account designated as the "Credit Facility Account" consisting of a Series A Subaccount and a Series B Subaccount. The Trustee shall deposit in the Series A Subaccount in the Credit Facility Account in the Bond Fund from time to time, upon receipt thereof, all amounts received from demands under a Credit Facility relating to the Series A Bonds (other than such amounts to be applied to the Purchase Price of Series A Bonds tendered or deemed tendered for purchase under the Indenture which shall be deposited in the Credit Facility Purchase Account) and shall apply such amounts to the payment when due of the principal of and interest on the Series A Bonds with respect to which such demand was made before using any other funds available in the Bond Fund for such purpose. No other moneys shall be deposited in the Series A Subaccount in the Credit Facility Account in the Bond Fund.

The Trustee shall deposit in the Series B Subaccount in the Credit Facility Account in the Bond Fund from time to time, upon receipt thereof, all amounts received from demands under a Credit Facility relating to the Series B Bonds (other than such amounts to be applied to the Purchase Price of Series B Bonds tendered or deemed tendered for purchase under the Indenture which shall be deposited in the Credit Facility Purchase Account) and shall apply such amounts to the payment when due of the principal of and interest on the Series B Bonds with

respect to which such demand was made before using any other funds available in the Bond Fund for such purpose. No other moneys shall be deposited in the Series B Subaccount in the Credit Facility Account in the Bond Fund.

Except to the extent such moneys are required to be held for the payment of principal of, redemption premium, if any, or interest on Bonds of a Series then due and payable or to effect the defeasance of Bonds of a Series so long as no Event of Default exists under the Indenture, on the fifth day after each Interest Payment Date, the Trustee, unless otherwise instructed by the Corporation, shall return to the Corporation (free and clear of the pledge and lien of the Indenture) any moneys then on deposit in the Bond Fund or shall deposit such funds in the Rebate Fund if so instructed by the Corporation; provided, however, that no payment shall be made to the Corporation and such amounts shall be paid to the Credit Provider if and to the extent the Corporation has any obligations to a Credit Provider which are then due and payable, as certified by the Credit Provider to the Trustee.

Trustee Authorized to Take Actions Under the Agreement. The Authority authorizes and directs the Trustee, and the Trustee agrees, to take such actions as the Trustee deems necessary to enforce the Corporation's obligation under the Agreement to make payments at such times and in such amounts as are necessary in order for the Trustee to make timely payment of principal of and interest on the Bonds to the extent any Bond proceeds and other moneys in the Bond Fund are not available for such payment.

Investment of Moneys. Subject to the provisions of the Indenture relating to the Rebate Fund, any moneys in any of the funds and accounts to be established by the Trustee pursuant to the Indenture (other than the Bond Purchase Fund and the Credit Facility Account) shall be invested upon the written direction of the Corporation signed by an Authorized Corporation Representative (such direction to specify the particular investment to be made), by the Trustee, if and to the extent then permitted by law, in Investment Securities. In the absence of such written direction, the Trustee is directed to invest available moneys in Investment Securities described in paragraph (g) of the definition thereof. Moneys in any fund or account (other than the Bond Purchase Fund and the Credit Facility Account) shall be invested in Investment Securities with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Investment Securities payable at the option of the Holder) not later than the date on which such moneys will be required by the Trustee. For investment purposes only, the Trustee may commingle the funds and accounts established under the Indenture (other than the Bond Purchase Fund, the Credit Facility Account, the Rebate Fund and any fund or account established pursuant to the provisions of the Indenture relating to defeasance) but shall account for each separately.

Notwithstanding the foregoing provisions any moneys held in the Bond Purchase Fund and any moneys constituting payments under any Credit Facility shall be held uninvested unless such moneys are invested to effect the defeasance of Bonds of a Series.

Any interest, profit or loss on any investments of moneys in any fund or account under the Indenture shall be credited or charged to the respective funds from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation under the Indenture.

Repayment to Corporation or Credit Provider. When there are no longer any Bonds Outstanding under the Indenture, and all fees, charges and expenses of the Trustee, any Credit Provider, and the Remarketing Agent have been paid or provided for, payment of the full amount owing the United States Government, all expenses of the Authority relating to the Project, the Refunding and the Indenture have been paid or provided for, and all other amounts payable under the Indenture and under the Agreement have been paid, and the Indenture has been discharged and satisfied in accordance with the Indenture, the Trustee shall pay to the Corporation any amounts remaining in any fund established and held under the Indenture; provided, however, that no payment shall be made to the Corporation and such amounts shall be paid to the Credit Provider if and to the extent the Corporation has any obligations to a Credit Provider which are then due and payable, as certified by the Credit Provider to the Trustee.

Credit Facilities.

(a) The Trustee acknowledges the right of the Corporation at any time to provide an Alternate Credit Facility with respect to Bonds of a Series and, upon satisfaction of the conditions specified in the

Agreement, to discontinue providing a Credit Facility with respect to the Bonds of a Series. If there shall have been delivered to the Authority and the Trustee (i) an Alternate Credit Facility meeting the requirements of the Agreement and (ii) the opinions and documents required by the Agreement, then the Trustee shall accept such Alternate Credit Facility and, if so directed by the Corporation, upon the effectiveness of such Alternate Credit Facility and the payment of the Purchase Price of all Bonds of a Series tendered for purchase in connection with such Alternate Credit Facility (either from the proceeds of the remarketing of such Series of Bonds or from amounts made available under the Credit Facility being replaced by such Alternate Credit Facility) promptly surrender the Credit Facility theretofore in effect with respect to such Series of Bonds in accordance with the respective terms thereof for cancellation; provided the Trustee shall not surrender any Credit Facility until all draws or requests to purchase Bonds of such Series made under such Credit Facility have been honored. In the event that the Corporation elects to provide an Alternate Credit Facility, the Bonds of a Series secured by the Credit Facility being replaced shall be subject to mandatory tender. If at any time all Bonds of a Series shall cease to be Outstanding under the Indenture or the conditions specified in the Agreement permitting the Corporation to discontinue providing a Credit Facility with respect to such Series of Bonds shall be satisfied, or a Credit Facility shall be terminated pursuant to its terms, the Trustee shall promptly surrender such Credit Facility in accordance with its terms for cancellation. The Trustee shall comply with the procedures set forth in each Credit Facility relating to the termination thereof.

(b) In the event that a Credit Facility is in effect with respect to a Series of Bonds, the Trustee shall make a demand for payment under such Credit Facility subject to and in accordance with its terms, in order to receive payment thereunder not later than the time payment is due on the Bonds of such Series on the following dates in the following amounts:

(i) On each Interest Payment Date, in an amount which will be sufficient to pay all interest due and payable on the Outstanding Bonds of such Series on such Interest Payment Date;

(ii) On any date fixed for payment (whether by acceleration, defeasance or redemption of the Bonds of such Series) in an amount which, together with amounts demanded for payment pursuant to paragraph (i) above, will be sufficient to pay the amount due on such Series of Bonds, including accrued interest and premium, if any (if a demand for payment is permitted for premium under the terms of such Credit Facility); and

(iii) On each Purchase Date, in an amount sufficient to pay the Purchase Price of the Bonds of such Series tendered or deemed tendered pursuant to the Indenture and which have not been remarketed, or for which sufficient remarketing proceeds have not been received.

(c) Each such demand for payment shall be made not later than the time required by the applicable Credit Facility in order to receive payment thereunder not later than the time payment is required to be made to the Holders of a Series of Bonds pursuant to the Indenture. The proceeds of each such demand shall be deposited in the Series A Subaccount or the Series B Subaccount in the Credit Facility Account in the Bond Fund, as applicable, or the Series A Subaccount or the Series B Subaccount in the Credit Facility Purchase Account in the Bond Purchase Fund, as appropriate, and used in the order of priority established by the Indenture. At the time of the receipt of proceeds of any demand under a Credit Facility, the Trustee shall deposit the proceeds of such demand directly in the Series A Subaccount or the Series B Subaccount in the Credit Facility Account in the Bond Fund, as appropriate or in the Credit Facility Purchase Account in the Bond Purchase Fund. The Trustee shall comply with all provisions of each Credit Facility in order to realize upon any demand for payment thereunder, and will not demand payment under any Credit Facility of any amounts for payment of: (i) Credit Provider Bonds; or (ii) Bonds of a Series held by the Authority or the Corporation or actually known by the Trustee to be held by any affiliate of the Corporation or any nominee of the Authority unless such Credit Facility specifically permits such demand.

Payment of Principal and Interest. The Authority shall punctually pay, but only out of Revenues, the other amounts pledged therefor under the Indenture, the proceeds of the remarketing of Bonds of a Series and the proceeds of any demand under a Credit Facility, the principal and Purchase Price of and the interest (and premium, if any) on every Bond of such Series issued under the Indenture at the times and places and in the manner provided in the Indenture and in the Bonds of such Series according to the true intent and meaning thereof. When and as paid in full, such Bonds, if any, shall be delivered to the Trustee and shall forthwith be cancelled by the Trustee, who shall

deliver a certificate evidencing such cancellation to the Authority and the Corporation. The Trustee shall destroy such cancelled Bonds.

Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Preservation of Revenues. The Authority shall not waive any provision of the Agreement or take any action to interfere with or impair the pledge and assignment under the Indenture of Revenues and the assignment to the Trustee of rights under the Agreement, or the Trustee's enforcement of any rights thereunder, without the prior written consent of the Trustee and the Credit Provider. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of the Indenture.

Compliance with Indenture. The Authority shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues in any manner other than in accordance with the provisions of the Indenture, and shall not suffer or permit any default to occur under the Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements thereof.

Other Liens. So long as any Bonds are Outstanding, the Authority shall not create or suffer to be created any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, the other amounts pledged under the Indenture, the proceeds of the remarketing of Bonds, and the proceeds of demands under a Credit Facility, other than the lien of the Indenture.

Arbitrage Covenants; Rebate Fund.

(a) The Authority covenants with all persons who hold or at any time held Series B Bonds that the Authority will not directly or indirectly use the proceeds of any of the Series B Bonds or any other funds of the Authority or permit the use of the proceeds of any of the Series B Bonds or any other funds of the Authority or take or omit to take any other action which will cause any of the Series B Bonds to be "arbitrage bonds" or to be otherwise subject to federal income taxation by reason of Sections 103 and 141 through 150 of the Code and any applicable regulations promulgated thereunder. To that end the Authority covenants to comply with all covenants set forth in the Tax Certificate, which is incorporated by reference.

(b) The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated the "ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project), Tax-Exempt Series 2004 B Rebate Fund" (herein called the "Rebate Fund"). Within the Rebate Fund, the Trustee shall maintain such accounts as shall be directed by the Corporation as necessary in order for the Authority and the Corporation to comply with the terms and requirements of the Tax Certificate. Subject to the transfer provisions provided in paragraph (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States Government, and neither the Corporation, the Authority nor the Bondholders shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Agreement and by the Tax Certificate.

(c) Upon receipt of the Corporation's written instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States Government, as so directed. In addition, if the Corporation so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Corporation's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Series B Bonds and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the Corporation upon its written request.

(d) Notwithstanding any provision of the Indenture, the obligation of the Corporation to pay the Rebate Requirement to the United States Government shall survive the defeasance or payment in full of the Series B Bonds.

(e) Notwithstanding any provisions of the Indenture and the Agreement, if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under the Indenture and the Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Series B Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of the Indenture and the covenants under the Indenture shall be deemed to be modified to that extent.

Events of Default; Acceleration- Waiver of Default. Each of the following events shall constitute an “Event of Default” under the Indenture:

(a) Failure to make payment of any installment of interest upon any Bond when such payment shall have become due and payable;

(b) Failure to make due and punctual payment of the principal of or premium, if any, on any Bond when such payment shall have become due and payable, whether at the stated maturity thereof, or upon proceedings for redemption thereof or upon the maturity thereof by declaration;

(c) The occurrence of an “Event of Default” under the Agreement;

(d) Default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, and the continuance of such default for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Corporation by the Trustee, or to the Authority, the Corporation and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(e) The Trustee receives notice from a Credit Provider that an event of default under a Credit Agreement has occurred and is continuing and directing the Trustee to accelerate all of the Bonds; or

(f) The Trustee receives notice from a Credit Provider that such Credit Provider is not reinstating its Credit Facility in connection with an interest drawing under such Credit Facility.

No default specified in (d) above shall constitute an Event of Default unless the Authority and the Corporation shall have failed to correct such default within the applicable 30-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Corporation within the applicable period and diligently pursued until the default is corrected. With regard to any alleged default concerning which notice is given to the Corporation, the Authority grants the Corporation full authority for the account of the Authority to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution. Notwithstanding such grant, the Corporation shall not have any obligation to cure any default of the Authority.

Upon (i) the occurrence of an Event of Default under (e) or (f) above the Trustee shall immediately or (ii) the occurrence and continuation of any other Event of Default specified above, the Trustee may, and shall, upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and the consent of the Credit Provider, by notice in writing delivered to the Corporation and the Credit Provider, with copies of such notice being sent to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Interest on the Bonds shall cease to accrue from and after the date of declaration of any such acceleration. Notwithstanding the foregoing, the Trustee shall not be required to

take any action upon the occurrence and continuation of an Event of Default under (c) or (d) above until the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration the Trustee shall immediately declare all indebtedness payable under the Agreement with respect to the Bonds to be immediately due and payable and may exercise and enforce such rights as exist under the Agreement.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall have been deposited with the Trustee a sum which, together with any other amounts then held in the Bond Fund, is sufficient to pay all the principal of such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee in its sole discretion or provision deemed by the Trustee to be adequate shall have been made therefor; and provided, that if there has been an Event of Default after a draw upon a Credit Facility and the Credit Facility has been reinstated, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding (by written notice to the Authority and to the Trustee accompanied by the written consent of the Credit Provider), may, on behalf of the Holders of all Bonds, rescind and annul such declaration with respect to the Bonds and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. The Trustee shall provide the Credit Provider with notice of any such rescission.

Institution of Legal Proceedings by Trustee. In addition, if one or more of the Events of Default under the Indenture shall happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Credit Provider, or the Holders of a majority in aggregate principal amount of the Bonds then Outstanding with the consent of the Credit Provider, and upon being indemnified to its satisfaction in its sole discretion therefor shall, proceed to protect or enforce its rights or the rights of the Holders under the Act or under the Indenture, by a suit in equity or an action at law, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted therein, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee and moneys in the funds and accounts (other than the Rebate Fund and the Bond Purchase Fund) on or after the occurrence of an Event of Default shall be applied in the order following, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection, just and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and for advances made pursuant to the provisions of the Indenture with interest on all such advances at the rate of nine percent (9%) per annum; provided, that any payments under a Credit Facility shall not be so applied.

Second: In case the principal of none of the Outstanding Bonds shall have become due and remains unpaid, to the payment of interest in default on the Outstanding Bonds in the order of the maturity thereof, such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference; provided, however, that no payment of interest shall be made with respect to any Bonds held by the Authority, the Corporation or actually known by the Trustee to be held by any affiliate of the Corporation, or any nominee of the Authority, the Corporation, or any affiliate of the Corporation, until interest due on all Bonds not so registered shall have been paid.

Third: In case the principal of any of the Outstanding Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of principal of all Outstanding Bonds then due and unpaid, then to the payment of interest in default in the order of maturity thereof, and then to the payment of the premium thereon, if any; in every instance such payment to be made ratably to the persons

entitled thereto without discrimination or preference; provided, however, that no payment of principal or premium or interest shall be made with respect to any Bonds held by the Authority, the Corporation or known by the Trustee to be held by any affiliate of the Corporation or any nominee of the Authority, the Corporation, or any affiliate of the Corporation, until all amounts due on all Bonds not so held have been paid.

Fourth: To the Credit Provider, if any, for amounts due under its Credit Facility other than as the Holder of Credit Provider Bonds, as certified by the Credit Provider to the Trustee.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given to the Trustee or to the Holders of Bonds may be exercised from time to time and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under the Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, the Credit Provider, if any, and the Holders of Bonds, severally and respectively, shall be restored to their former positions and rights under the Indenture; and all remedies, rights and powers of the Authority, the Trustee, the Credit Provider and the Holders of Bonds shall continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy conferred upon or reserved to the Trustee or to any Holder of Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity.

Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay to the Trustee upon demand, but only out of Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, for the benefit of the Holders of the Outstanding Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal and premium, or both, as the case may be, and all other sums which may be due under the Indenture or secured thereby, including reasonable compensation to the Trustee, its agents and counsel, and any expenses or liabilities incurred by the Trustee under the Indenture. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees and expenses, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, as provided in the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Power of Trustee to Control Proceeding. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of Holders of the Bonds, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds or the Credit Provider, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Credit Provider, if any, or the Holders of at least a majority in principal amount of the Bonds Outstanding under the Indenture, with the consent of the Credit Provider, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

All rights of action under the Indenture or under any of the Bonds secured thereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be

brought in its name as Trustee of an express trust for the equal and ratable benefit of the Bondholders, subject to the provisions of the Indenture.

Limitation on Bondholders' Right to Sue. (a) Except as otherwise provided in the Indenture, no Holder of a Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (i) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (ii) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (iii) said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request; (iv) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (v) the Credit Provider shall have consented.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Holders shall have any right in any manner whatever by his or her or their action to enforce any right under the Indenture, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

(b) The right of any Holder to receive payment of the principal of (and premium, if any) and interest on a Bond out of Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, as therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions or any other provision of the Indenture.

Credit Provider's Control of Proceedings. So long as the Credit Provider is not in default of its obligations under the Credit Agreement, the Credit Provider, in its sole discretion, shall have the right to direct all remedial proceedings upon the occurrence of an Event of Default under the Indenture.

Duties, Immunities and Liabilities of Trustee. The Trustee shall, prior to an Event of Default under the Indenture, and after the curing of all Events of Default under the Indenture which may have occurred, shall perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default under the Indenture (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except that:

(a) Prior to the occurrence of any Event of Default under the Indenture and after the curing of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of the Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture; and no covenants or obligations shall be implied into the Indenture which are adverse to the Trustee; and

(b) At all times, regardless of whether or not any Event of Default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Holders of not less than a majority, or such other percentage as may be required under the Indenture, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(iii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of the Indenture; but in the case of any such certificate or opinion, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture.

(c) The Trustee may execute any of the trusts or powers and perform the duties required of it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under the Indenture and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or agent appointed with due care by it under the Indenture.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in the Indenture or the Agreement shall not be construed as a duty or obligation under the Indenture.

Right of Trustee to Rely upon Documents, Etc. Except as otherwise above:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, direction, demand, election or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any notice, request, direction, election, order or demand of the Authority mentioned in the Indenture shall be deemed to be sufficiently evidenced by an instrument signed in the name of the Authority by an Authorized Authority Representative, and any resolution of the Authority shall be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel of its selection (who may include its own counsel or counsel for the Authority or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel; and

(d) Whenever in the administration of the trusts of the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority; and such Certificate of the Authority shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of the Indenture upon the faith thereof.

(e) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(f) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture, under the Agreement or any other document related to the Bonds unless it shall have actual knowledge at its Principal Office.

(g) Before taking any action, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur under the Indenture, subject, however, to certain other provisions of the Indenture.

(h) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(i) The Trustee may accept, hold and draw upon the Initial Credit Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for the Bonds. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision to the contrary, while the Credit Provider issuing the Initial Credit Facility or Alternate Credit Facility is the Trustee or an affiliate of the Trustee and such Credit Provider has not failed to honor a properly presented draw on the Initial Credit Facility or Alternate Credit Facility, the Trustee shall have no discretion with respect to the acceleration of the Bonds and shall do so only upon the written direction of such Credit Provider. The Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of the Indenture if such affiliated Credit Provider shall fail at any time to honor a properly presented draw on the Initial Credit Facility or Alternate Credit Facility.

Right of Trustee to Acquire Bonds. The Trustee, and its officers and directors, may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Authority in the manner and to the same extent and with like effect as though it were not Trustee under the Indenture.

Moneys Received by Trustee to Be Held in Trust. Subject to the defeasance provisions of the Indenture, all moneys received by the Trustee shall, until used or applied as therein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided in the Indenture. Except to the extent provided otherwise in the Indenture, any interest allowed on any such moneys shall be deposited in the fund to which such moneys are credited. Available Amounts, moneys being held to become Available Amounts, amounts received under any Credit Facility and proceeds of any remarketing of Bonds shall not be commingled with any other funds held by the Trustee under the Indenture.

Compensation and Indemnification of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by the Trustee in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Agreement will require the Corporation to pay or reimburse the Trustee, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to the Indenture as security for the Bonds of a Series, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for such Bonds, shall be entitled (but not required) to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Agreement will also require the Corporation to provide certain indemnification to the Trustee. Notwithstanding the foregoing, the Trustee and any co-Trustee shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund, and shall effect the tender of Bonds of a Series, effect the redemption of Bonds of a Series and accelerate the payment of principal on Bonds of a Series and demand payment under each Credit Facility when required by the Indenture without seeking indemnification from the Corporation, any Credit Provider or any Bondholder. Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee shall have a lien prior to the Bonds as to all property and funds held by it (other than the Rebate Fund and the Bond Purchase Fund) for any amount owing to it or any predecessor Trustee pursuant to the Indenture or the Agreement and the rights of the Trustee to compensation for its services and to payment or reimbursement for its costs, expenses, or advances shall have priority over the Bonds in respect of all property or funds held or collected by the Trustee as such and other funds held in trust by the Trustee for the benefit of the Holders of particular Bonds; provided, however, that neither the Trustee nor any predecessor Trustee shall have any lien or claim against moneys paid under any Credit Facility for payment of any such compensation, reimbursement or other amounts.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified the Agreement and the Indenture, such expenses (including the reasonable charges and expenses of its counsel and agents) and the compensation for such services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or state authority. If such a corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such corporation or banking association shall be deemed to be their combined capital and surplus as set forth in its most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee and Appointment of Successor Trustee.

(a) The Trustee may at any time resign by giving written notice to the Authority, the Corporation and the Credit Provider, if any, and by giving to the Bondholders notice either by publication of such resignation, which notice shall be published at least once in a Qualified Newspaper, or by giving Notice by Mail to such Bondholders. The Trustee shall also mail a copy of any such notice of resignation to the Rating Agency. Upon receiving such notice of resignation, the Authority, with the advice and consent of the Corporation and the consent of the Credit Provider shall promptly appoint a successor trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation by the resigning Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor trustee.

(b) In case at any time either of the following shall occur:

(i) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Authority or by any Bondholder who has been a bona fide Holder for at least six (6) months, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Authority may remove the Trustee and, with the advice and consent of the Corporation and the consent of the Credit Provider appoint a successor trustee by an instrument in writing, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee, and appoint a successor trustee.

(c) The Authority, in the absence of an Event of Default, or the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee, and with the consent of the Credit Provider, if any, appoint a successor trustee, by an instrument or concurrent instruments in writing signed by the Authority or such Bondholders, as the case may be.

(d) Any resignation or removal of the Trustee, and appointment of a successor trustee shall become effective only upon acceptance of appointment by the successor trustee, and upon transfer of the Credit Facility, if any, then in effect to the successor trustee.

Appointment of Co-Trustee. In the event the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted to the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. In the absence of an Event of Default under the Indenture, the appointment of any such separate trustee or co-trustee shall be subject to the approval of the Authority, the Credit Provider and the Corporation.

(a) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest or lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

Appointment, Duties and Qualifications of Remarketing Agent.

(a) In order to carry out the duties and obligations of the Remarketing Agent contained in the Indenture, the Corporation, with the approval of the Credit Provider, shall appoint the Remarketing Agent for each Series of the Bonds subject to the conditions set forth below. A Remarketing Agent shall be a bank, trust company or member of the National Association of Securities Dealers, Inc. organized and doing business under the laws of any state of the United States of America or the District of Columbia and shall have together with its parent, if any, a capitalization of at least fifty million dollars (\$50,000,000) as shown in its or its parent's most recently published annual report. The Remarketing Agent initially appointed for each Series of the Bonds is Banc of America Securities LLC.

(b) The Corporation shall enter into a Remarketing Agreement with each Remarketing Agent and such other parties as shall be appropriate, pursuant to which such Remarketing Agent shall designate its Principal Office and agree particularly (but without limitation): (i) to perform the duties and comply with the requirements imposed upon it by the Remarketing Agreement, the Indenture and the Agreement; and (ii) to keep such books and records with respect to its activities as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by each of the Authority, the Trustee, the Credit Provider and the Corporation at all reasonable times. The Remarketing Agent shall not be entitled to any compensation from the Authority, the Credit Provider or the Trustee but rather shall only be entitled to compensation from the Corporation.

(c) The Remarketing Agent may resign by notifying the Authority, the Trustee, the Credit Provider and the Bondholders at least thirty (30) days before the effective date of such resignation. The Corporation or the Authority may remove the Remarketing Agent pursuant to the terms of the Remarketing Agreement. Any appointment of a successor Remarketing Agent by the Corporation shall be subject to the consent of the Credit Provider, if any, and not objected to by the Authority within ten (10) Business Days after the Authority's receipt of a written notice from the Corporation of the Corporation's intent to make such appointment. The Authority and the Credit Provider, if any, shall be third party beneficiaries of the Remarketing Agreement.

Modification Without Consent of Bondholders. The Authority and the Trustee, without the consent of or notice to any Bondholders from time to time and at any time, with the consent of the Credit Provider, if any, may enter into a Supplemental Indenture or Supplemental Indentures amending or supplementing the Indenture as theretofore in effect, which Supplemental Indenture or Indentures thereafter shall form a part thereof; and the

Trustee, without the consent of or notice to any Bondholders, with the consent of the Credit Provider, if any, from time to time and at any time may consent to any Amendment to the Agreement; in each case for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, or of the Corporation contained in the Agreement, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for any Bonds of a Series, or to surrender any right or power therein reserved to or conferred upon the Authority or the Corporation; provided, that no such covenant, agreement, assignment, pledge or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture or the Agreement, or in regard to matters or questions arising under the Indenture or the Agreement, as the Authority may deem necessary or desirable and not inconsistent with the Indenture and which shall not materially adversely affect the interests of the Holders of the Bonds;

(c) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(d) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Series B Bonds; provided that such Amendment or Supplemental Indenture shall not materially adversely affect the interests of the Holders of the Series B Bonds;

(e) to modify or eliminate the book-entry registration system for Bonds of a Series;

(f) to provide for the procedures required to permit any Bondholder to separate the right to receive interest on its Bonds from the right to receive principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code;

(g) to provide for the appointment of a co-trustee or the succession of a new Trustee;

(h) to change Exhibit A to the Agreement in accordance with the provisions thereof and of the Tax Certificate;

(i) to provide for an extension of a Credit Facility or the provision of an Alternate Credit Facility;

(j) to comply with requirements of the Rating Agency in order to obtain or maintain a rating on any Bonds;

(k) in connection with any other change which will not adversely affect the security for the Bonds or the Tax-Exempt status of interest on the Series B Bonds or otherwise materially adversely affect the interests of the Holders of the Bonds (such determination may be based upon an Opinion of Counsel); or

(l) to modify, alter, amend or supplement the Indenture or the Agreement in any other respect, including amendments which would otherwise require bondholder consent, if the effective date of such Supplemental Indenture or Amendment is a date on which all Bonds affected thereby are subject to mandatory tender for purchase or if Notice by Mail of the proposed Supplemental Indenture or Amendment is given to Holders of the affected Bonds at least thirty (30) days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds.

Before the Authority or the Trustee enters into a Supplemental Indenture, the Authority, or the Trustee, as the case may be, shall cause notice of the proposed execution of the Supplemental Indenture or Amendment to be given by mail to the Credit Provider, if any, and the Rating Agency. A copy of the proposed Supplemental Indenture or Amendment shall accompany such notice. Not less than one week after the date of the first mailing of such notice, the Authority and/or the Trustee may execute and deliver such Supplemental Indenture or Amendment, but only after there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with their respective terms; (iii) will upon the execution and delivery thereof be valid and binding upon the Authority in accordance with its terms; and (iv) will not adversely affect the Tax-Exempt status of interest on the Series B Bonds.

Notwithstanding the foregoing provisions, the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture, and the Trustee shall not enter into any Supplemental Indenture or consent to any Amendment without first obtaining the written consent of the Corporation.

Modification with Consent of Bondholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and the Credit Provider, if any, (i) the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; or (ii) the Trustee may consent to any Amendment to the Agreement; provided, however, that no such Supplemental Indenture or Amendment will have the effect of extending the time for payment or reducing any amount due and payable by the Corporation pursuant to the Agreement with respect to the Bonds without the consent of the Holders of all of the Bonds then Outstanding; and that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Holders whose consent is required for the execution of such Supplemental Indenture or Amendment, or permit the creation of any lien on the Revenues and the other funds pledged to the payment of the Bonds under the Indenture, prior to or on a parity with the lien of the Indenture, except as permitted therein, or permit the creation of any preference of any Bondholder over any other Bondholder, except as permitted therein, or deprive the Holders of the Bonds of the lien created by the Indenture upon the Revenues and the other funds pledged to the payment of the Bonds under the Indenture, without the consent of the Holders of all the Bonds then Outstanding.

Upon receipt by the Trustee of: (1) without limiting the provision of the final sentence of Section 9.01 of the Indenture, if the Authority approves the execution and delivery of such Supplemental Indenture or Amendment by resolution, a Certified Resolution approving the execution of any such Supplemental Indenture or Amendment; (2) an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with their respective terms; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms; and (iv) will not adversely affect the Tax-Exempt status of interest on the Series B Bonds; and (3) evidence of the consent of the Bondholders and any Credit Provider, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture or shall consent to such Amendment; provided, however, that (i) the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its sole discretion, but shall not be obligated to, enter into such Supplemental Indenture; and (ii) the Trustee shall not enter into such Supplemental Indenture or Amendment without first obtaining the Corporation's written consent thereto.

It shall not be necessary for the consent of the Bondholders to approve the particular form of any proposed Supplemental Indenture or Amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the parties thereto of any Supplemental Indenture or Amendment, the Trustee shall mail a notice (prepared by the Corporation) setting forth in general terms the substance of such Supplemental Indenture or such Amendment to the Credit Provider, if any, to each Bondholder at the address contained in the Bond Register and to the Rating Agency. Any failure of the Trustee to give such notice, or any

defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture or such Amendment.

Effect of Supplemental Indenture or Amendment. Upon the execution of any Supplemental Indenture or any Amendment to the Agreement, the Indenture or the Agreement, as the case may be, shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture and the Agreement of the Authority, the Trustee, the Corporation, the Credit Provider and all Holders of Outstanding Bonds shall thereafter be determined, exercised and enforced under the Indenture and under the Agreement subject in all respects to such Supplemental Indenture and Amendment, and all the terms and conditions of any such Supplemental Indenture or Amendment shall be part of the terms and conditions of the Indenture or the Agreement, as the case may be, for any and all purposes.

Discharge of Indenture. If the entire indebtedness on all Bonds shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of, and premium, if any, and interest on all Bonds, as and when the same become due and payable; or
- (b) by the delivery to the Trustee, for cancellation by it, of all Bonds; or
- (c) by providing for the payment or redemption thereof;

and if all other sums payable under the Indenture by the Authority and all sums payable to the Credit Provider under the Credit Agreement, if any, shall be paid and discharged, then thereupon the Indenture shall cease, terminate and become null and void, all liability of the Authority and the Corporation in respect of the Bonds shall cease, terminate and be completely discharged, except: (i) that the Authority shall remain liable for such payment but only from, and the Bondholders shall thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and Government Obligations deposited with the Trustee as aforesaid for their payment, and (ii) that in the case of Bonds (or portions thereof) for which provision for the payment or redemption thereof has been made, the provisions of the Indenture relating to the transfer and exchange of such Bonds (or portions thereof) and, if so reserved by the Authority, the right to call the Bonds of a Series for optional redemption prior to maturity shall continue to apply to such Series of Bonds (or portions thereof). Thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee of an Opinion of Bond Counsel, stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture.

Discharge of Liability of Particular Bonds. Any Bond, or any portion thereof such that the portion that is not considered paid shall be in an Authorized Denomination, shall be deemed to be paid within the meaning of, and with the effect set forth in, the Indenture when, whether upon or prior to the maturity or redemption date, as applicable, (a) payment of the principal and Purchase Price of and premium, if any, on such Bond or such portion thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) Available Amounts sufficient to make such payment or (2) nonprepayable, noncallable Government Obligations purchased with the Available Amounts and maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys, together with any other Available Amounts needed by the Trustee for such purposes, to make such payment, provided, however, that provision for the payment of the Purchase Price of such Bond may be made by means of a Credit Facility; (b) if such Bond (or portion thereof) is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for giving such notice; (c) all necessary and proper fees, compensation and expenses of the Trustee pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Trustee; (d) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or a Written Request of the Authority) to apply such Available Amounts and Government Obligations to the payment of the principal (and unless such Purchase Price is to be paid from amounts made available under a Credit Facility, the Purchase Price) of, premium, if any, and interest on the Bond (or portion

thereof) to be discharged; (e) the Authority and the Trustee shall have received an Approving Opinion of Bond Counsel with respect to such deposit of Available Amounts and/or Government Obligations; and (f) the Authority and the Trustee shall have received an Accountant's Certificate verifying that the Available Amounts and Government Obligations so deposited, together with the interest earnings thereon (without reinvestment) will be sufficient to pay when due the principal (and unless such Purchase Price to be paid from amounts made available under a Credit Facility, the Purchase Price) of, premium, if any, and interest on the Bond (or portion thereof) to be discharged to and including the earlier of its maturity or redemption date. The Trustee shall not be responsible for verifying the sufficiency of funds or Government Obligations provided to effect the defeasance of Bonds.

Payment of Bonds after Discharge. Notwithstanding any provisions of the Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee, in trust for the payment of the principal of, or interest or premium on, any Bond remaining unclaimed for two (2) years after such payment has become due and payable (whether on an Interest Payment Date, at maturity, upon call for redemption or by declaration as provided in the Indenture), then such moneys shall be repaid to the Corporation upon its written request, and the Holder of such Bond shall thereafter be entitled to look only to the Corporation for payment thereof, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the expense of the Corporation) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Corporation and the Trustee, in respect of the amount so payable with respect to such Bond and in respect of the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the Holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be an unsecured creditor of the Corporation for amounts equivalent to the respective amounts deposited for the payment of the amount so payable with respect to such Bond and so repaid to the Corporation (without interest thereon).

Successors of Authority. All the covenants, stipulations, promises and agreements in the Indenture contained, by or on behalf of the Authority, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Authority shall hereafter be transferred by any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under the Indenture by the Authority, then the body or official of the State who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Authority as provided in the Indenture.

Limitation of Rights to Parties and Bondholders. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Corporation, the Credit Provider, if any, and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Corporation, the Credit Provider and the Holders of the Bonds.

To the extent that any provision of the Indenture expressly confers rights upon a Credit Provider (including, without limitation, rights to provide consents or directions or to give or receive notices) the Authority and the Trustee agree and acknowledge that such Credit Provider is a third party beneficiary of such provision and that such Credit Provider may enforce such provision against the other parties to the Indenture.

Separability of Invalid Provisions. In case any one or more of the provisions contained in the Indenture or in the Bonds of a Series or the application thereof to any Person or circumstance, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, or the application thereof to any Person or circumstance, but the Indenture shall be construed as if such invalid or illegal or unenforceable provision, or such application had never been contained in the Indenture.

Evidence of Action by Bondholders.

(a) Any request, consent or other instrument required by the Indenture to be executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such

request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him or her the execution thereof. The fact and the date of execution of any request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, consent or vote of the Holder shall bind every future Holder of the same Bond and the Holder issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote.

(e) Except as otherwise provided in the Indenture, in determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned by the Authority, by the Corporation or by any other direct or indirect obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation, or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of clause (e) if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations, including the right of the Bondholders to be represented and vote by proxy, as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Waiver of Personal Liability. No officer, agent or employee of the Authority, and no officer, official, agent or employee of the State or any department, board or agency of the State shall be individually or personally liable for the payment of the principal or Purchase Price of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

Governing Law; Venue. The Indenture shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State. The Indenture shall be enforceable in the State, and any action arising out of the Indenture shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

Credit Provider. All provisions regarding consents, approvals, directions, appointments or requests by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by the Credit Provider during any time in which no Credit Facility is in effect and no amounts are owing to the Credit Provider, or such Credit Provider has failed to honor a demand for payment presented to it in strict conformance with the applicable provisions of the Credit Facility, or after the Credit Facility shall at any time for any reason cease to be valid and binding on the Credit Provider, or while such Credit Provider is denying further liability or obligation under the Credit Facility (unless such Credit Facility has been fully drawn or to the extent that the conditions to payment thereunder have not been fully satisfied) or after such Credit Provider has rescinded,

repudiated or terminated the Credit Facility and no amounts are owing to the Credit Provider; provided, however, that nothing contained under this heading shall limit the rights of the Credit Provider as a Holder of Credit Provider Bonds.

All provisions relating to the Credit Provider shall be of no force and effect with respect to a particular Credit Provider if the applicable Credit Facility and Credit Agreement are not in effect, there are no related Credit Provider Bonds and all amounts owing to such Credit Provider under the applicable Credit Agreement have been paid.

Continuing Disclosure. Pursuant to the Agreement, the Corporation shall, at any time that a Term Interest Rate Period of longer than nine months is in effect with respect to the Bonds of a Series, or if otherwise required by Rule 15c2-12, undertake the continuing disclosure requirements for such Series of Bonds as promulgated under S.E.C. Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, and the Authority shall have no liability to the Holders of such Series of Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of the Indenture, failure of the Corporation to comply with the requirements of Rule 15c2-12 applicable to such Series of Bonds, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default under the Indenture or under the Agreement; however, the Trustee, at the written request of the Remarketing Agent or the Holders of at least 25% aggregate principal amount of Outstanding Bonds of such Series and upon receipt of indemnity satisfactory to the Trustee, shall or any Bondholder or beneficial owner (within the meaning of Rule 15c2-12) of any Bonds of such Series may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Corporation to comply with its obligations under the Agreement.

THE LOAN AGREEMENT

Agreement To Acquire And Construct The Project. The Corporation agrees that it will acquire, construct, improve, furnish and equip, or complete the acquisition, construction, improvement, furnishing and equipping of the Project, and will acquire, construct, improve, furnish and equip all other facilities and real and personal property deemed necessary for the operation of the Project as a part of the Facilities, including any and all supplements, amendments and additions or deletions thereto or therefrom, it being understood that the approval of the Authority shall not be required for changes in such descriptions which do not substantially alter the purpose and description of the Project referred to above.

In the event that the Corporation desires to alter or change the Project, and such alteration or change substantially alters either the purpose or the description of the Project, as described in Exhibit A, including any and all supplements, amendments and additions or deletions thereto or therefrom, the Authority will enter into, and will instruct the Trustee to consent to, such amendment or supplement to the Agreement as shall be required to reflect such alteration or change to the Project upon receipt of:

- (i) a certificate of the Authorized Corporation Representative describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;
- (ii) a copy of the proposed form of such amendment or supplement; and
- (iii) an Opinion of Bond Counsel that such proposed changes, in and of themselves, will not adversely affect the Tax-Exempt status of interest on the Series B Bonds.

Establishment Of Completion Date; Obligation Of Corporation To Complete. As soon as the acquisition, construction, improvement, furnishing and equipping of the Project is completed, an Authorized Corporation Representative, on behalf of the Corporation, shall evidence the Completion Date by providing the Trustee a certificate to that effect. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Corporation against third parties for any claims or for the payment of any amount not then due and payable which exists at the date of such certificate or which may subsequently exist.

At the time such certificate is delivered to the Trustee, moneys remaining in the Construction Fund, including any earnings resulting from the investment of such moneys, shall be used as provided in the Indenture.

In the event the moneys in the Construction Fund available for payment of the Costs of the Project should be insufficient to pay the costs thereof in full, the Corporation agrees to pay directly, or to deposit in the Construction Fund moneys sufficient to pay, any costs of completing the Project in excess of the moneys available for such purpose in the Construction Fund. The Authority makes no express or implied warranty that the moneys deposited in the Construction Fund and available for payment of the Costs of the Project under the provisions of the Agreement, will be sufficient to pay all the amounts which may be incurred for such costs of the Project. The Corporation agrees that if, after exhaustion of the moneys in the Construction Fund, the Corporation should pay, or deposit moneys in the Construction Fund for the payment of, any portion of the Costs of the Project, it shall not be entitled to any reimbursement therefor from the Authority, from the Trustee or from the Holders of any of the Bonds, nor shall it be entitled to any diminution of the amounts payable under the Indenture.

Loan To Corporation. The Authority covenants and agrees, upon the terms and conditions in the Agreement, to make a loan to the Corporation for the purpose of financing Costs of the Project and for the Refunding. Pursuant to said covenant and agreement, the Authority will issue the Bonds upon the terms and conditions contained in the Agreement and the Indenture. The Authority and the Corporation agree that the availability of the proceeds of the sale of the Series A Bonds deposited in the Escrow Fund to effect the Refunding and the proceeds of the sale of the Series B Bonds deposited in the Construction Fund to pay the Costs of the Project will be deemed to be and treated for all purposes as a loan to the Corporation of an amount equal to the aggregate principal amount of the Bonds issued.

Repayment and Payment of Other Amounts Payable.

(a) With respect to the Bonds, the Corporation covenants and agrees to pay to the Trustee as a Repayment Installment, on or before each date provided in or pursuant to the Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and/or interest on the Outstanding Bonds, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, for deposit in the Bond Fund, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration), premium, if any, and interest upon the Outstanding Bonds as provided in the Indenture. The Corporation agrees that any amounts due as a result of the acceleration of the maturity of the Bonds shall be due and payable immediately upon such acceleration.

Each payment made by the Corporation shall at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, then payable on the Bonds; provided that any amount held by the Trustee in the Bond Fund on any due date for a Repayment Installment shall be credited against the Repayment Installment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the available amounts held by the Trustee in the Bond Fund are sufficient to pay all of the principal of and interest and premium, if any, on the Bonds as such payments become due, the Corporation shall be relieved of any obligation to make any further payments with respect to the Bonds. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on the Bonds as such payments become due, the Corporation shall forthwith pay such deficiency as a Repayment Installment.

(b) In addition to the Repayment Installments, the Corporation shall also pay to the Authority or to the Trustee, as the case may be, "Additional Payments," as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the

right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in the Indenture, as and when the same become due and payable;

(iii) The fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Agreement, the Credit Agreement, the Remarketing Agreement or the Indenture; and

(iv) The annual fee of the Authority and the fees and expenses of the Authority or any agent selected by the Authority to act on its behalf in connection with the Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation which may at any time be instituted involving the Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of the Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture.

(v) Such Additional Payments shall be billed to the Corporation by the Authority or the Trustee from time to time, together with (1) a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (2) an invoice or statement for the amount so incurred or paid. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the Corporation for payment of the Authority's annual fee (which shall be due and payable annually in advance), on each June 1, commencing June 1, 2005, and which shall equal 0.02% of the aggregate principal amount of Bonds Outstanding under the Indenture as of each annual due date.

Unconditional Obligation. The obligations of the Corporation to make the payments required by the Agreement and to perform and observe the other agreements on its part contained therein shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Trustee, and during the term of the Agreement, the Corporation shall pay absolutely the payments to be made on account of the Loan and all other payments required thereunder, free of any deductions and without abatement, diminution or setoff. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by the Indenture, the Corporation (i) will not suspend or discontinue any payments provided for in the Agreement with respect to the Bonds; (ii) will perform and observe all of its other covenants contained in the Agreement with respect to the Bonds, the Facilities and the Project; and (iii) will not terminate the Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of, all or any part of the Project or the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement or the Indenture.

Assignment Of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under the Agreement, including the right to receive certain payments (except (i) the rights of the Authority to receive notices under the Agreement or the Indenture, (ii) the right of the Authority to receive and enforce its rights with respect to payments of fees, expenses and indemnification and certain other purposes, and (iii) the right of the Authority to give approvals or consents pursuant to the Agreement; and the Authority directs the Corporation to make the payments required under the Agreement

(except such payments for expenses and indemnification and certain other purposes) directly to the Trustee. The Corporation assents to such assignment and agrees to make payments directly to the Trustee without defense or setoff by reason of any dispute between the Corporation and the Authority or the Trustee.

The Authority acknowledges that the Corporation will be obligated to reimburse each Credit Provider for amounts provided under the applicable Credit Facility to purchase Bonds of a Series which are tendered for purchase and not remarketed pursuant to the applicable Remarketing Agreement, and acknowledges that any and all proceeds of any subsequent remarketing of the Bonds of such Series so purchased will be paid to the applicable Credit Provider, in order to discharge the Corporation's reimbursement obligation (or any loan by such Credit Provider, to finance such reimbursement obligation) to the Credit Provider.

Certain Covenants

Right Of Access To The Facilities. The Corporation agrees that during the term of the Agreement, and, to the extent within its control, for so long as the Corporation owns or operates the Facilities, the Authority, the Trustee, the Credit Provider and the duly authorized agents of any of them shall have the right (but not the duty) at all reasonable times during normal business hours to enter upon the site of the Facilities to examine and inspect the Facilities; provided, however, that this right is subject to federal and State laws and regulations applicable to the site of the Facilities; and provided further that the Corporation reserves the right to restrict access to the Facilities in accordance with reasonably adopted procedures relating to safety and security. The rights of access and inspection reserved to the Authority, the Trustee, the Credit Provider and their respective authorized agents may be exercised only after the party seeking such access shall have given reasonable advance notice and executed release of liability (which release shall not limit any of the Corporation's obligations under the Agreement) agreements if requested by the Corporation in the form then currently used by the Corporation.

The Corporation's Maintenance Of Its Existence; Assignments.

(a) The Corporation agrees that during the term of the Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that the Corporation may consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve if: the Corporation is the surviving, resulting or transferee corporation, as the case may be; or if the Corporation is not the surviving, resulting or transferee corporation, as the case may be, the surviving, resulting or transferee corporation (i) is a corporation organized under the laws of the United States or any state, district or territory thereof; (ii) is qualified to do business in the State; (iii) assumes in writing all of the obligations of the Corporation under the Agreement; (iv) is not, after such transaction, otherwise in default under any provision of the Agreement; (v) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (vi) the Trustee and the Authority shall have received a Certificate of the Corporation to the effect that the covenants under the Agreement will be met after such consolidation, merger, sale or transfer.

Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee and the Authority shall receive an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself adversely affect the Tax-Exempt status of interest on the Series B Bonds.

Notwithstanding any other provision of this caption the Corporation need not comply with any of the above provisions other than the delivery of the Opinion of Bond Counsel if, at the time of such transaction, all of the Bonds will be defeased as provided in the Indenture.

(b) The rights and obligations of the Corporation under the Agreement may, with the consent of the Credit Provider, if any, be assigned by the Corporation, in whole or in part; provided, however, that any assignment shall be subject to each of the following conditions:

(i) No such assignment shall relieve the Corporation from primary liability for any of its obligations under the Agreement, and the Corporation shall continue to remain primarily liable for the payments specified in the Agreement, and for performance and observance of the other agreements on its part to be performed and observed.

(ii) Any such assignment from the Corporation shall retain for the Corporation such rights and interests as will permit it to perform its obligations under the Agreement, and any assignee from the Corporation shall assume the obligations of the Corporation thereunder to the extent of the interest assigned.

(iii) The Corporation shall, within thirty (30) days after delivery thereof, furnish or cause to be furnished to the Authority, the Credit Provider and the Trustee a true and complete copy of every such assignment together with an instrument of assumption.

(iv) The Corporation shall cause to be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that such assignment will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Series B Bonds.

(c) If a merger, consolidation, sale or other transfer is effected, the provisions of Agreement shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of the Agreement.

Maintenance And Repair; Taxes; Utility And Other Charges. For so long as the Facilities are in operation, the Corporation agrees to maintain, to the extent permitted by applicable law and regulation, the Facilities, or cause the Facilities to be so maintained, during the term of the Agreement (i) in safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

For so long as the Facilities are in operation, the Corporation agrees that between the Authority and the Corporation, the Corporation will pay or cause to be paid during the term of the Agreement all taxes, governmental charges of any kind lawfully assessed or levied upon the Facilities or any part thereof, including any taxes levied against the Facilities, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated to pay only such installments as are required to be paid during the term of the Agreement. The Corporation may, at the Corporation's expense and in the Corporation's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Facilities or any part thereof will be subject to loss or forfeiture.

Qualification In California. The Corporation agrees that throughout the term of the Agreement it, or any successor or assignee will be qualified to do business in the State.

Tax-Exempt Status Of Interest On The Series B Bonds.

(a) It is the intention of the parties to the Agreement that interest on the Series B Bonds shall be and remain Tax-Exempt, and to that end the covenants and agreements of the Authority and the Corporation in the Agreement and the Tax Certificate are for the benefit of the Trustee and each and every person who at any time will be a Holder of the Series B Bonds.

(b) Each of the Corporation and the Authority covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Series B Bonds or other funds, or take or omit to take any action that will cause any Series B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. Each of the Corporation and the Authority further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Indenture or the Agreement, in such manner as would, or enter into or allow any

related person to enter into any arrangement (formal or informal) that would, cause any Series B Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To such ends with respect to the Series B Bonds, the Authority and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Series B Bonds.

Without limiting the generality of the foregoing, the Corporation and the Authority agree that the Corporation shall pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full or defeasance of the Series B Bonds. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid to the United States at the times and in the amounts determined under the Indenture the Rebate Requirement as described in the Tax Certificate.

(c) The Authority certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Series B Bonds to become includable in gross income of the Holders of the Series B Bonds for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Series B Bonds to become includable in gross income of the Holders of the Series B Bonds for federal income tax purposes pursuant to the provisions of the Code; provided that neither the Corporation nor the Authority shall have violated these covenants if the interest on any of the Series B Bonds becomes taxable to a person solely because such person is a “substantial user” of the financed facilities or a “related person” within the meaning of Section 147(a) of the Code; and provided, further, that none of the covenants and agreements in the Agreement shall require either the Corporation or the Authority to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body affecting the taxation of interest on the Series B Bonds.

(d) Notwithstanding any provision of the Agreement and of the Indenture, if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Series B Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of thereof; and the covenants shall be deemed to be modified to that extent.

Notice Of Interest Rate Periods. The Corporation shall designate and give timely written notice to the Trustee and the Credit Provider as required by the Indenture prior to any change in Interest Rate Periods for the Bonds of a Series. In addition, if the Corporation shall elect to change Interest Rate Periods in accordance with the Indenture under circumstances requiring the delivery of an Opinion of Bond Counsel, the Corporation shall deliver such opinion to the Trustee and the Credit Provider concurrently with the giving of notice with respect thereto.

Remarketing Of The Bonds. The Corporation agrees to perform all obligations and duties required of it by the Indenture and the Remarketing Agreement with respect to any remarketing of the Bonds.

Purchase Of Bonds. The Corporation agrees that it shall not purchase, and it shall cause any guarantor or affiliate of the Corporation not to purchase, any Bonds from the Remarketing Agent or otherwise.

Special Services Covenant. The Corporation shall operate and maintain the Facilities as community centers within the territorial limits of the City of San Francisco, as long as any Bonds remain Outstanding; provided, however, the Authority, upon review of such facts as it deems relevant, may, from time to time, allow the Corporation to provide alternative services which serve the public interest, or deem this special services covenant to be satisfied in whole or in part.

Prohibited Uses Covenant. The Corporation covenants and agrees that no facility, place or building financed with a portion of the proceeds of the Bonds will be used (1) for sectarian instruction or as a place for religious worship or in connection with any part of the programs of any school or department of divinity for the useful life of the Project, or (2) by a Person that is not a 501(c)(3) organization or a governmental unit or by a 501(c)(3) organization (including the Corporation) in an unrelated trade or business, in such manner or to such

extent as would result in any of the Series B Bonds being treated as an obligation not described in Section 103(a) of the Code.

Obligation To Continue Payments. If prior to full payment of the Bonds (or provision for payment thereof in accordance with the provisions of the Indenture) (i) the Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or (ii) the temporary use of the Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation shall nevertheless be obligated to continue to pay the amounts specified in the Agreement, to the extent not prepaid.

Damage To Or Condemnation Of Facilities. As between the Authority and the Corporation, the Corporation shall be entitled to the Net Proceeds of any insurance or condemnation award or portion thereof made for damages to or takings of the Facilities.

Events of Default; Remedies

Events Of Default. Any one of the following which occurs and is continuing shall constitute an Event of Default under the Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under the Agreement when due; or

(b) if any material representation or warranty made by the Corporation in the Agreement or made by the Corporation in any document, instrument or certificate furnished to the Trustee or the Authority in connection with the issuance of the Bonds shall at any time prove to have been incorrect in any respect as of the time made;

(c) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under the Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the Authority, which notice shall specify such failure and request that it be remedied, unless the Authority and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected;

(d) The Corporation shall have repudiated its debts or become insolvent or admit in writing its inability to pay its debts as they mature or shall apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of 60 days; or all, or any substantial part, of the property of the Corporation shall be seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the Corporation (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of 60 days; or

(e) the occurrence of an Event of Default under the Indenture.

The provisions of clause (c) of the preceding paragraph are subject to the limitation that the Corporation shall not be deemed in default with respect to any covenant, condition or agreement to be observed or performed by the Corporation under the Agreement, other than a covenant or agreement to make any payment required to be made by the Corporation thereunder, if and so long as the Corporation is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the

government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Corporation, unfavorable to the Corporation. This limitation shall not apply to any default under clauses (a), (b), (d) or (e) above.

Remedies On Default. Whenever any Event of Default shall have occurred and shall continue:

(a) Upon the occurrence of an Event of Default, and upon the acceleration of the maturity of the Bonds as provided in the Indenture, the Trustee shall, and upon the occurrence of any other Event of Default and with the prior consent of the Credit Provider the Trustee may, by notice in writing delivered to the Corporation (with copies of such notice being sent to the Authority and the Credit Provider) declare the unpaid balance of the Loan payable under the Agreement, in an amount equal to the Outstanding principal amount of the Bonds, together with the interest accrued thereon, to be immediately due and payable.

(b) The Authority and the Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Corporation.

(c) The Authority or the Trustee may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due pursuant to the Agreement and thereafter to become due thereunder or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under the Agreement, including but not limited to instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable.

The provisions of (a) above, however, are subject to the condition that if, at any time after any portion of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee accompanied by the written consent of the Credit Provider may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In case the Trustee or the Authority shall have proceeded to enforce its rights under the Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Corporation, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Agreement, and all rights, remedies and powers of the Corporation, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Corporation shall not be disturbed by reason of this provision).

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Corporation under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for any property of the Corporation or in the case of any other similar judicial proceedings relative to the Corporation, or the creditors or property of the Corporation, then the Trustee shall be entitled and empowered, by intervention in

such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Corporation, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by it up to the date of such distribution.

No Remedy Exclusive. No remedy conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice, other than such notice as may be expressly required. Such rights and remedies as are given the Authority shall also extend to the Trustee, and the Trustee and the Holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements contained in the Agreement except rights and remedies relating to fees, indemnification and notification. To the extent that any covenants and agreements in the Agreement expressly grant rights to the Credit Provider, it shall be deemed a third party beneficiary of such covenants and agreements.

No Additional Waiver Implied By One Waiver. No waiver by the Corporation, the Authority or the Trustee of any agreement or covenant contained in the Agreement shall be effective without the consent of the Credit Provider, if any. In the event any agreement or covenant contained in the Agreement should be breached by the Corporation and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

Miscellaneous

Redemption Of Bonds With Prepayment Moneys. By virtue of the assignment of certain rights of the Authority under the Agreement to the Trustee, the Corporation agrees to and shall pay (or cause to be paid) directly to the Trustee any amount permitted to be paid by it. The Trustee shall use the moneys so paid to it by the Corporation to effect redemption of the Bonds in accordance with the Indenture on the date specified for such redemption pursuant to the Agreement or to apply such prepayment to making provision for the payment of Bonds.

Options To Prepay Repayment Installments. The Corporation shall have the option to prepay the Repayment Installments with respect to all or any portion of the Bonds (the principal amount to be specified by an Authorized Corporation Representative subject to the requirement that the Outstanding Bonds be in Authorized Denominations) by paying to the Trustee, for deposit in the Bond Fund or such other fund established for such purpose and held by the Trustee, the applicable amount set forth in the Agreement.

Amount Of Prepayment. In the case of a prepayment of the amount due under the Agreement with respect to all Outstanding Bonds, the amount to be paid shall be a sum sufficient, together with other funds then on deposit with the Trustee and available for such purpose and the principal of and interest on any Government Obligations then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts (1) the principal of all Outstanding Bonds on the maturity date or on the redemption date, as applicable, of such Bonds, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any, (2) all reasonable and necessary fees and expenses of the Authority, the Trustee and the Remarketing Agent accrued and owing through final payment of the Bonds, and (3) all other liabilities of the Corporation accrued and owing under the Agreement with respect to the Bonds.

In the case of prepayment of the Repayment Installments with respect to less than all of the Outstanding Bonds, the amount payable shall be a sum sufficient, together with other funds deposited with the Trustee and

available for such purpose and the principal of and interest on any Governmental Obligations described in the Indenture then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts the principal amount of and premium, if any, and interest on the Bonds to be paid or redeemed with such prepayment, as provided in the Indenture, and to pay expenses of the payment or redemption, as applicable, of such Bonds.

Nonliability Of Authority. The Corporation shall be solely responsible for the payment of the Bonds. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee on behalf of the Authority pursuant to the Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Agreement, the Bonds or the Indenture, except only to the extent amounts are received from the payment thereof from the Corporation under the Agreement.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

ABAG Finance Authority
for Nonprofit Corporations
101 Eighth Street
Oakland, California 94607

ABAG Finance Authority for Nonprofit Corporations
Variable Rate Demand Revenue Bonds
(YMCA of San Francisco Refunding) Taxable Series 2004 A and
(YMCA of San Francisco Project) Tax-Exempt Series 2004 B
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the ABAG Finance Authority for Nonprofit Corporations (the “Authority”) of \$9,410,000 aggregate principal amount of ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco Refunding) Taxable Series 2004 A (the “Series A Bonds”) and \$11,590,000 aggregate principal amount of ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project) Tax-Exempt Series 2004 B (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”), issued pursuant to the provisions of the Joint Exercise of Powers Act (constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500 of the California Government Code)) and an indenture of trust, dated as of September 1, 2004 (the “Indenture”), between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to the Young Men’s Christian Association of San Francisco (the “Corporation”), pursuant to a loan agreement, dated as of September 1, 2004 (the “Loan Agreement”), between the Authority and the Corporation. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Certificate and Agreement, dated the date hereof (the “Tax Agreement”), between the Authority and the Corporation relating to the Series B Bonds, opinions of counsel to the Authority, the Trustee and the Corporation, certificates of the Authority, the Trustee, the Corporation and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Nixon Peabody LLP, counsel to the Corporation, regarding, among other matters, the current qualification of the Corporation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”). We note that such opinion is subject to a number of qualifications and limitations. We have also relied upon representations of the Corporation regarding the use of the facilities financed with the proceeds of the Series B Bonds in activities that are not considered unrelated trade or business activities of the Corporation within the meaning of Section 513 of the Code. We note that the opinion of counsel to the Corporation does not address Section 513 of the Code. Failure of the Corporation to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed facilities in activities that are considered unrelated trade or business activities of the Corporation within Section 513 of the Code, may result in interest on the Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series B Bonds.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series B Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to

the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund and the Bond Purchase Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. The Bonds are not a charge or lien on the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds do not constitute a debt of the State of California and said State is not liable for payment thereof.

5. Interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

APPENDIX D

FORM OF INITIAL CREDIT FACILITY

IRREVOCABLE LETTER OF CREDIT

September [___], 2004

Letter of Credit No. NZS516563

Wells Fargo Bank, National Association
555 Montgomery Street, 10th Floor
MAC #A0167-102
San Francisco, California 94111
Attention: Corporate Trust Department

Ladies and Gentlemen:

We hereby establish in your favor at the request and for the account of Young Men's Christian Association of San Francisco, a California nonprofit public benefit corporation, our irrevocable letter of credit in the amount of U.S. \$21,331,397.26 (Twenty-One Million Three Hundred Thirty-One Thousand Three Hundred Ninety-Seven and 26/100 Dollars) in connection with the Bonds (as defined below) available with ourselves by sight payment against presentation of one or more signed and dated demands addressed by you to Wells Fargo Bank, N.A., Letter of Credit Operations Office, San Francisco, California, each in the form of Annex A (an "A Drawing"), Annex B (a "B Drawing"), Annex C (a "C Drawing"), Annex D (a "D Drawing"), Annex E (an "E Drawing"), or Annex F (an "F Drawing") hereto, with all instructions in brackets therein being complied with. Each such demand must be presented to us in its original form or by facsimile transmission of such original form.

Each such presentation must be made on a Business Day (as hereinafter defined) to our Letter of Credit Operations Office in San Francisco, California (presently located at One Front Street, 21st Floor, San Francisco, California 94111) at or before 5:00 p.m., San Francisco time on or before the Expiration Date (as hereinafter defined). This Letter of Credit expires at our above office on June 1, 2009 but shall be automatically extended without written amendment to, but not beyond, June 1, 2010, unless on or before June 1, 2008 you shall have received at your address above our written notice sent by registered mail or express courier that we elect not to extend this Letter of Credit beyond June 1, 2009. As used herein, the term "Expiration Date" means the earlier of (a) June 1, 2010 or (b) the date specified in any notice of non-extension received by you pursuant to the immediately preceding sentence as the date beyond which this Letter of Credit will not be extended. If the Expiration Date falls on a day which is not a Business Day, then such Expiration Date shall be automatically extended to the next succeeding

Business Day. As used herein the term "Business Day" shall mean a day of the year on which our San Francisco Letter of Credit Operations Office is open for business.

The amount of any demand presented hereunder will be the amount inserted in numbered Paragraph 4 of said demand. By honoring any such demand we make no representation as to the correctness of the amount demanded.

We hereby agree with you that each demand presented hereunder in full compliance with the terms hereof will be duly honored by our payment to you of the amount of such demand, in immediately available funds of Wells Fargo Bank, National Association:

(i) not later than 10:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before noon, San Francisco time.

or

(ii) not later than 10:00 a.m., San Francisco time, on the second Business Day following the Business Day on which such demand is presented to us as aforesaid, if such presentation is made to us after noon, San Francisco time.

Notwithstanding the foregoing, any demand presented hereunder, in full compliance with the terms hereof, for a C Drawing or D Drawing will be duly honored (i) not later than 11:30 a.m., San Francisco time, on the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before 8:30 a.m., San Francisco time, and (ii) not later than 11:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us after 8:30 a.m., San Francisco time.

If the remittance instructions included with any demand presented under this Letter of Credit require that payment is to be made by transfer to an account with us or with another bank, we and/or such other bank may rely solely on the account number specified in such instructions even if the account is in the name of a person or entity different from the intended payee.

With respect to any demand that is honored hereunder, the total amount of this Letter of Credit shall be reduced as follows:

(A) With respect to any A Drawing or B Drawing, the total amount of this Letter of Credit shall be reduced, as to all demands subsequent to the applicable demand, by the amount of the applicable demand as of the time of presentation of such demand and shall not be reinstated;

(B) With respect to any C Drawing or D Drawing, the total amount of this Letter of Credit shall be reduced, as to all demands subsequent to the applicable demand, by the amount of the applicable demand as of the time of presentation of such demand subject to reinstatement in full or in part, if and to the extent, prior to the Expiration Date, we are reimbursed from remarketing

proceeds for all or a portion of such demand, at which time we shall advise you in writing of such reinstatement and the amount reinstated; and

(C) With respect to any F Drawing, the total amount of this Letter of Credit shall be reduced, as to all demands subsequent to the applicable demand, by the amount of the applicable demand as of the time of presentation of such demand; provided, however, that such amount shall be automatically reinstated on the eighth (8th) Business Day following the date such demand is honored by us, unless (i) you shall have received notice from us by telefacsimile, SWIFT message, courier service or registered mail at the above address within seven (7) Business Days after such demand is honored by us that there shall be no such reinstatement, or (ii) the eighth (8th) Business Day after such honor by us would be after the Expiration Date.

Upon presentation to us of an E Drawing referring to the Series 2004 A Bonds (as defined below) in numbered paragraph 2 of such E Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder referring to the Series 2004 A Bonds (as defined below). Upon presentation to us of an E Drawing referring to the Series 2004 B Bonds (as defined below) in numbered paragraph 2 of such E Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder referring to the Series 2004 B Bonds (as defined below).

An F Drawing referring to the Series 2004 A Bonds (as defined below) in numbered paragraph 2 of such F Drawing shall not be presented to us (i) more than once during any twenty-seven (27) calendar day period, or (ii) with respect to any single F Drawing, for an amount more than \$148,497.53. An F Drawing referring to the Series 2004 B Bonds (as defined below) in numbered paragraph 2 of such F Drawing shall not be presented to us (i) more than once during any twenty-seven (27) calendar day period, or (ii) with respect to any single F Drawing, for an amount more than \$182,899.73.

Except as otherwise provided herein, this Letter of Credit shall be governed by and construed in accordance with the Uniform Customs and Practice for Documentary Credits (1993 Revision), Publication No. 500 of the International Chamber of Commerce (the "UCP"); provided, however, that Article 41, paragraphs d, e, f, g, h, i and j of Article 48 and the second sentence of Article 17 shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 17 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our business by Acts of God, riots, civil commotions, insurrections, wars or any other causes beyond our control, or strikes or lockouts. As to matters not covered by the UCP and to the extent not inconsistent with the UCP or made inapplicable by this Letter of Credit, this Letter of Credit shall be governed by the laws of the State of California, including the Uniform Commercial Code as in effect in the State of California.

This Letter of Credit is transferable and may be transferred more than once, but in each case only in the amount of the full unutilized balance hereof to any single transferee who you shall have advised us pursuant to Annex G has succeeded Wells Fargo Bank, National Association or a successor trustee as Trustee under the Indenture of Trust, dated as of September 1, 2004, as supplemented from time to time (the "Indenture") between the ABAG Finance Authority for Nonprofit Corporations (the "Issuer") and Wells Fargo Bank, National

Association, as Trustee, pursuant to which (i) U.S. \$9,410,000.00 in aggregate principal amount of the Issuer's Variable Rate Demand Revenue Bonds (YMCA of San Francisco Refunding) Taxable Series 2004 A (the "Series 2004 A Bonds") and (ii) U.S. \$11,590,000.00 in aggregate principal amount of the Issuer's Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project) Tax-Exempt Series 2004 B (the "Series 2004 B Bonds"; and collectively with the Series 2004 A Bonds, the "Bonds") were issued. Transfers may be effected without charge to the transferor and only through ourselves and only upon presentation to us of a duly executed instrument of transfer in the form attached hereto as Annex G. Any transfer of this Letter of Credit as aforesaid must be endorsed by us on the reverse hereof and may not change the place of presentation of demands from our Letter of Credit Operations Office in San Francisco, California.

All payments hereunder shall be made from our own funds.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds and the Indenture), except the UCP to the extent the UCP is not inconsistent with or made inapplicable by this Letter of Credit; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except the UCP.

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
Authorized Signature

Letter of Credit Operations Office
Telephone No.:

(800) 798-2815 (option 1)

Letter of Credit Operations Office Telefacsimile No.:
(415) 284-9453

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE “TRUSTEE”) HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE “BANK”) WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE “LETTER OF CREDIT”; THE TERMS THE “SERIES 2004 A BONDS”, “SERIES 2004 B BONDS”, “BUSINESS DAY” AND THE “INDENTURE” IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1)THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2)THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT OF PRINCIPAL UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE [INSERT “SERIES 2004 A” OR “SERIES 2004 B”] BONDS CURRENTLY OUTSTANDING.

(3)THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4)THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT].

(5)THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK’S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.

(6) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10.00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE "LETTER OF CREDIT"; THE TERMS THE "SERIES 2004 A BONDS", "SERIES 2004 B BONDS", "BUSINESS DAY" AND THE "INDENTURE" IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT OF UNPAID INTEREST UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE [INSERT "SERIES 2004 A" OR "SERIES 2004 B"] BONDS CURRENTLY OUTSTANDING.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].
- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT].
- (5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK'S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.

(6) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE "LETTER OF CREDIT"; THE TERMS THE "SERIES 2004 A BONDS", "SERIES 2004 B BONDS", "BUSINESS DAY" AND THE "INDENTURE" IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL AMOUNT OF THOSE [INSERT "SERIES 2004 A" OR "SERIES 2004 B"] BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT].
- (5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AND TELEFACSIMILE AN OFFICER OF THE BANK'S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.

- (6) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE 8:30 A.M., SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., SAN FRANCISCO TIME, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER 8:30 A.M., SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., SAN FRANCISCO TIME, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE "LETTER OF CREDIT"; THE TERMS THE "SERIES 2004 A BONDS", "SERIES 2004 B BONDS", "BUSINESS DAY" AND THE "INDENTURE" IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THOSE [INSERT "SERIES 2004 A" OR "SERIES 2004 B"] BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].
- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT].
- (5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AND TELEFACSIMILE AN OFFICER OF THE BANK'S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA

REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.

- (6) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE 8:30 A.M., SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., SAN FRANCISCO TIME, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER 8:30 A.M., SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., SAN FRANCISCO TIME, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE "LETTER OF CREDIT"; THE TERMS THE "SERIES 2004 A BONDS", "SERIES 2004 B BONDS", "BUSINESS DAY" AND THE "INDENTURE" IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT, AT STATED MATURITY, UPON ACCELERATION FOLLOWING AN EVENT OF DEFAULT, UPON MANDATORY TENDER AS A WHOLE, OR UPON REDEMPTION AS A WHOLE, OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE [INSERT "SERIES 2004 A" OR "SERIES 2004 B"] BONDS WHICH ARE PRESENTLY OUTSTANDING.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS SET FORTH IN PARAGRAPH 5, BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) \$[INSERT AMOUNT] BEING DRAWN IN RESPECT OF THE PAYMENT OF

UNPAID PRINCIPAL OF THE AFORESAID BONDS AND (B) \$[INSERT AMOUNT] BEING DRAWN IN RESPECT OF THE PAYMENT OF UNPAID INTEREST ON THE AFORESAID BONDS.

- (6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK'S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.
- (7) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
SAN FRANCISCO, CALIFORNIA

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE “TRUSTEE”) HEREBY CERTIFIES TO WELLS FARGO BANK, N.A. (THE “BANK”) WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS516563 (THE “LETTER OF CREDIT”; THE TERMS THE “SERIES 2004 A BONDS”, “SERIES 2004 B BONDS”, “BUSINESS DAY” AND THE “INDENTURE” IF USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

- (1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.
- (2) THE TRUSTEE IS MAKING A DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT WITH RESPECT TO THE PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST WITH RESPECT TO THE [INSERT “SERIES 2004 A” OR “SERIES 2004 B”] BONDS.
- (3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AFORESAID BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].
- (4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS \$[INSERT AMOUNT].
- (5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK’S LETTER OF CREDIT OFFICE IN SAN FRANCISCO, CALIFORNIA REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED.

- (6) IF THIS DEMAND IS RECEIVED BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

Annex G to Wells Fargo Bank, N.A.
Irrevocable Letter of Credit
No. NZS516563

WELLS FARGO BANK, N.A.
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

Subject: Your Letter of Credit No. NZS516563

Ladies and Gentlemen:

For value received, we hereby irrevocably assign and transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended or increased, to:

[Name of Transferee]

[Address of Transferee]

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

You are hereby advised that the transferee named above has succeeded Wells Fargo Bank, National Association or a successor trustee, as Trustee under the Indenture of Trust, dated as of September 1, 2004, as supplemented from time to time (the "Indenture") between the ABAG Finance Authority for Nonprofit Corporations (the "Issuer") and Wells Fargo Bank, National Association, as Trustee, pursuant to which (i) U.S. \$9,410,000.00 in aggregate principal amount of the Issuer's Variable Rate Demand Revenue Bonds (YMCA of San Francisco Refunding) Taxable Series 2004 A and (ii) U.S. \$11,590,000.00 in aggregate principal amount of the Issuer's Variable Rate Demand Revenue Bonds (YMCA of San Francisco Project) Tax-Exempt Series 2004 B were issued.

Very truly yours,

[Insert Name of Transferor]

By: _____
[Insert Name and Title]

TRANSFEROR'S SIGNATURE GUARANTEED

By: _____
[Bank Name]

By: _____
[Insert Name and Title]

By its signature below, the undersigned transferee acknowledges that it has duly succeeded Wells Fargo Bank, National Association or a successor trustee as Trustee under the Indenture.

[Insert Name of Transferee]

By:
[Insert Name and Title]



YMCA

We build strong kids,
strong families, strong communities.

YMCA of San Francisco